

THE FEDERAL LAND DEVELOPMENT AUTHORITY:
NATIONAL PLANNING AND NATIONAL UNITY IN
PENINSULAR MALAYSIA

by

Christopher Geoffrey Huby

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School of Oriental and African Studies,
University of London



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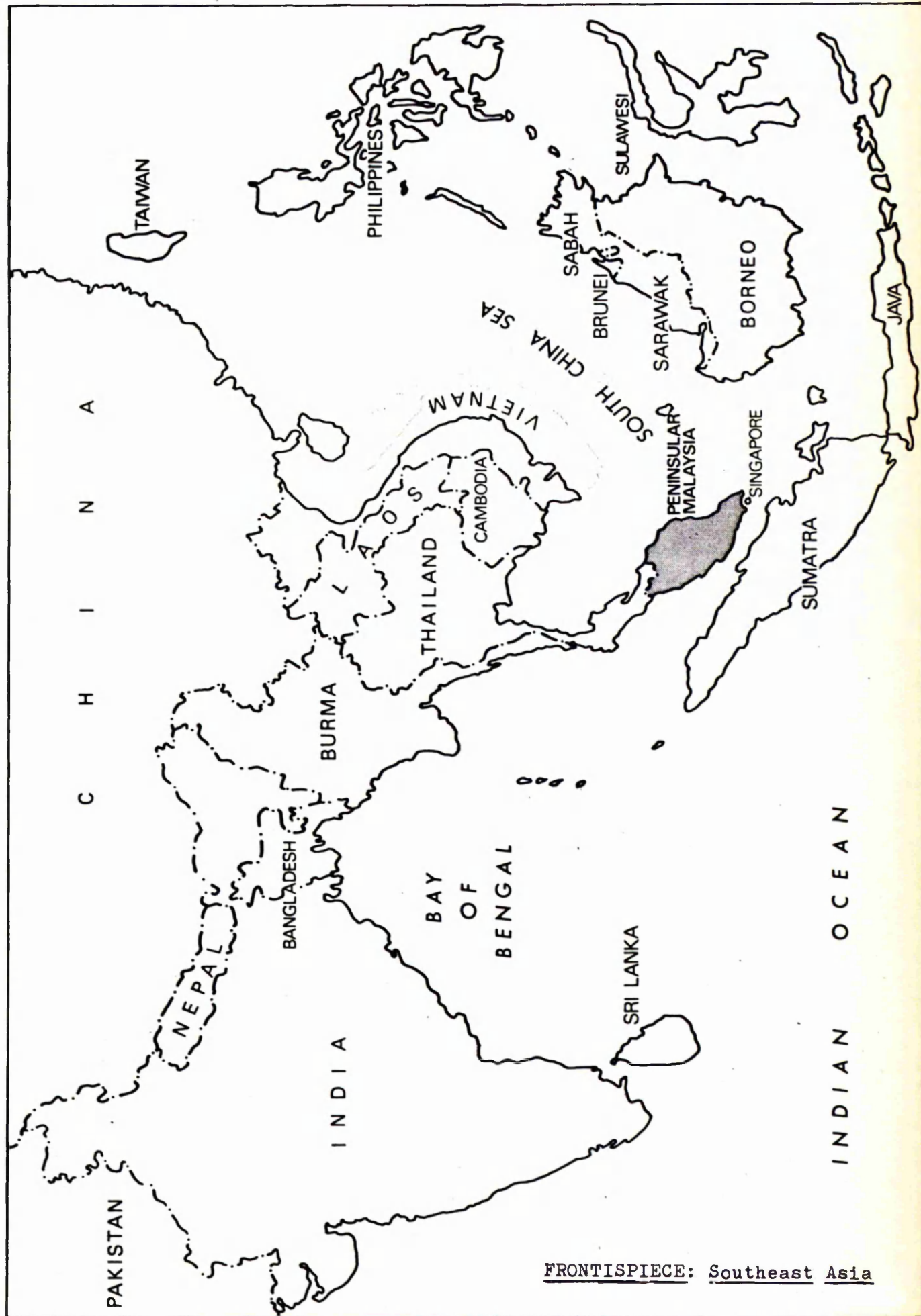
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A B S T R A C T

THE FEDERAL LAND DEVELOPMENT AUTHORITY:
NATIONAL PLANNING AND NATIONAL UNITY IN
PENINSULAR MALAYSIA

National socio-economic development planning in Peninsular Malaysia is guided by the New Development strategy which resulted from the race-riots of May 1969 - events which were themselves clear indication that Peninsular Malaysia lacked national unity. The New Development Strategy has two components, Rukun Negara (the National Ideology) and the New Economic Policy.

The New Economic Policy aims to eradicate poverty and to restructure the socio-economic system in order to remove the inter-communal imbalances which were identified as the root causes of disharmony in the country. In this way it is hoped to create national unity in Peninsular Malaysia.

A major weapon in the government's bid to implement the New Economic Policy is the Federal Land Development Authority (FELDA). Since its establishment in 1956, FELDA has become not merely Peninsular Malaysia's foremost land developer, but has been raised by the Malaysian government to premier status among agencies implementing national socio-economic development policy.

The present study assesses the ability of the Federal Land Development Authority to comply with the Malaysian government's requirement that through land development FELDA be a major contributor to the attainment of national unity in Peninsular Malaysia. The assessment is undertaken by first analysing the reasons why planning failed to create national unity before 1969, and - in the light of the knowledge gained from this analysis - by then assessing FELDA's qualifications for meeting the responsibilities placed upon it by the post-1969 Plans designed to rectify the situation of socio-economic imbalance. The study considers the nature of inter-communal imbalance in Peninsular Malaysia, and indicates the political and other constraints which govern planning approaches. The study concludes by presenting the main findings regarding the Federal Land Development Authority's ability to contribute to the attainment of national unity in Peninsular Malaysia, with particular attention paid to FELDA's ability to contribute to the implementation of the government's New Economic Policy in the Malay-dominated rural areas.

TABLE OF CONTENTS

	Page
Frontispiece	Inside front cover
Title Page	I
Abstract	2
Table of Contents	3
Outline of Chapters	5
List of Tables	9
List of Figures	14
Glossary of Acronyms, Abbreviations and Bahasa Malaysia words	16
Acknowledgements	21
CHAPTER I National Socio-Economic Development Planning, National Unity, and Land Development in Peninsular Malaysia - An Assessment of the Ability of the Federal Land Development Authority to Contribute to Attaining the Objectives of the New Development Strategy	26
CHAPTER 2 Land Development in Peninsular Malaysia - The Federal Land Development Authority	78
CHAPTER 3 The Structure of Peninsular Malaysia's Socio-Economic System, 1957	113

	Page
CHAPTER 4	185
National Socio-Economic Development Planning in Peninsular Malaysia, 1950-1969	
CHAPTER 5	228
The 1969 General and State Elections and the Events of May, 1969	
CHAPTER 6	250
The Consequences of the Events of May, 1969 for National Socio-Economic Development Planning in Peninsular Malaysia	
CHAPTER 7	290
The Contribution of the Federal Land Development Authority to the Attainment of the Objectives of the New Economic Policy	
CHAPTER 8	376
The Role of the Federal Land Development Authority in Attaining the Objectives of the New Development Strategy	
REFERENCES	432
APPENDIX I	440
Major Political Events Concerning Peninsular Malaysia	
APPENDIX II	442
Federal Land Development Authority - Statistical Summary, 1977	
APPENDIX III	443
Points Selection System for FELDA Settlers, 1974 - 1977	
Endpaper	Inside back cover

OUTLINE OF CHAPTERS

CHAPTER 1: NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLANNING, NATIONAL UNITY, AND LAND DEVELOPMENT IN PENINSULAR MALAYSIA - AN ASSESSMENT OF THE ABILITY OF THE FEDERAL LAND DEVELOPMENT AUTHORITY TO CONTRIBUTE TO ATTAINING THE OBJECTIVES OF THE NEW DEVELOPMENT STRATEGY

1.1 INTRODUCTION

- 1.1a Southeast Asia;
- 1.1b The Federation of Malaysia;
- 1.1c Peninsular Malaysia;

1.2 NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLANNING, NATIONAL UNITY AND LAND DEVELOPMENT IN PENINSULAR MALAYSIA

- 1.2a National Socio-Economic Development Planning in
Peninsular Malaysia;
- 1.2b National Unity in Peninsular Malaysia;
- 1.2c Land Development in Peninsular Malaysia - The
Federal Land Development Authority;

1.3 AN ASSESSMENT OF THE ROLE OF THE FEDERAL LAND DEVELOPMENT AUTHORITY IN ATTAINING THE OBJECTIVES OF THE NEW DEVELOPMENT STRATEGY

- 1.3a Aims of Thesis and Methodology;
- 1.3b Limits and Terminology of Thesis;

CHAPTER 2: LAND DEVELOPMENT IN PENINSULAR MALAYSIA - THE FEDERAL LAND DEVELOPMENT AUTHORITY

2.1 INTRODUCTION

2.2 LAND DEVELOPMENT IN PENINSULAR MALAYSIA

- 2.2a Definition of Land Development;
- 2.2b Land Development Strategies in Peninsular Malaysia;

2.3 THE FEDERAL LAND DEVELOPMENT AUTHORITY

- 2.3a The FELDA Model;
- 2.3b History and Development of the Federal Land
Development Authority;
 - (i) The Advisory Stage (1956 - 1960)
 - (ii) The Development Stage (1961 - 1970)
 - (iii) The Modern Stage (1971 - onwards)

2.4 CONCLUSION

CHAPTER 3: THE STRUCTURE OF PENINSULAR MALAYSIA'S SOCIO-ECONOMIC SYSTEM, 1957

3.1 INTRODUCTION

3.2 THE CREATION OF BRITISH MALAYA (1786 - 1957)

3.2a British Contact prior to 1874;

3.2b Consolidation of British Power (1874 - 1957)

3.3 THE STRUCTURE OF PENINSULAR MALAYSIA'S SOCIETY AND ECONOMY, 1957

3.3a Peninsular Malaysia - A Socio-Economic System;

3.3b Spatial Structure of Peninsular Malaysia's Socio-Economic System, 1957;

3.3c Communal Structure of Peninsular Malaysia's Socio-Economic System, 1957;

3.4 CONCLUSION

CHAPTER 4: NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLANNING IN PENINSULAR MALAYSIA, 1950 - 1969

4.1 INTRODUCTION

4.2 NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLANNING, 1950 - 1969

4.2a National Planning, 1950 - 1955;

(i) Aim of National Planning, 1950 - 1955;

(ii) The Draft Development Plan, 1950 - 1955;

4.2b National Planning, 1956 - 1960;

(i) Aim of National Planning, 1956 - 1960;

(ii) The First Malaya Plan, 1956 - 1960;

4.2c National Planning, 1961 - 1965;

(i) Aim of National Planning, 1961 - 1965;

(ii) The Second Malaya Plan, 1961 - 1965;

4.2d National Planning, 1965 - 1969;

(i) Aim of National Planning, 1965 - 1969;

(ii) The First Malaysia Plan, 1966 - 1970;

4.3 CRITIQUE OF NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLANNING, 1950 - 1969;

4.4 SUMMARY OF MAIN FEATURES OF NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLANNING, 1957 - 1969;

4.5 CONCLUSION

CHAPTER 5: THE 1969 GENERAL AND STATE ELECTIONS AND THE
EVENTS OF MAY, 1969

- 5.1 INTRODUCTION
- 5.2 THE COMMUNAL NATURE OF POLITICS IN PENINSULAR
MALAYSIA
- 5.3 THE 1969 GENERAL ELECTION
 - 5.3a The Campaign;
 - 5.3b The Result;
- 5.4 THE RESULT OF THE ELECTION TO THE SELANGOR STATE
GOVERNMENT
- 5.5 THE EVENTS OF MAY, 1969
 - 5.5a May 11th and May 12th, 1969;
 - 5.5b May 13th, 1969;
- 5.6 THE CONSEQUENCES OF MAY 13th, 1969

CHAPTER 6: THE CONSEQUENCES OF THE EVENTS OF MAY, 1969 FOR
NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLANNING IN
PENINSULAR MALAYSIA

- 6.1 INTRODUCTION
- 6.2 THE NEW DEVELOPMENT STRATEGY
 - 6.2a Rukun Negara;
 - 6.2b The New Economic Policy;
 - (i) The Second Malaysia Plan, 1971 - 1975;
 - (ii) The Third Malaysia Plan, 1976 - 1980;
 - 6.2c Growth of the Economy;
- 6.3 THE FEDERAL LAND DEVELOPMENT AUTHORITY AND
THE NEW ECONOMIC POLICY
- 6.4 THE FEDERAL LAND DEVELOPMENT AUTHORITY AND
THE RESTRUCTURING OF SOCIETY
- 6.5 CONCLUSION

CHAPTER 7: THE CONTRIBUTION OF THE FEDERAL LAND DEVELOPMENT
AUTHORITY TO THE ATTAINMENT OF THE OBJECTIVES OF
THE NEW ECONOMIC POLICY

7.1 INTRODUCTION

7.2 ERADICATION OF POVERTY

7.2a Raising of Incomes;

7.2b Provision of Employment;

7.3 RESTRUCTURING OF SOCIO-ECONOMIC SYSTEM

7.3a Improvement of Physical Infrastructure and
Provision of Social Services;

7.3b Provision of Urban Environment and Regional
Growth Centres;

7.3c The Creation of a Malay Commercial and Industrial
Community and the Facilitation of Intrasectoral
and Intersectoral Movement;

7.4 CONCLUSION

CHAPTER 8: THE ABILITY OF THE FEDERAL LAND DEVELOPMENT
AUTHORITY TO CONTRIBUTE TO THE ATTAINMENT
OF THE OBJECTIVES OF THE NEW DEVELOPMENT
STRATEGY

8.1 INTRODUCTION

8.2 COMPARISON BETWEEN NATIONAL SOCIO-ECONOMIC DEVELOPMENT
PLANNING PRE - 1969 AND NATIONAL SOCIO-ECONOMIC
DEVELOPMENT PLANNING POST - 1969

8.2a Main Features of National Socio-Economic
Development Planning, 1950 - 1969;

8.2b Main Features of National Socio-Economic
Development Planning, 1969 - 1980;

8.3 LAND DEVELOPMENT AND THE FEDERAL LAND DEVELOPMENT
AUTHORITY - AN ACCEPTABLE SOCIO-ECONOMIC DEVELOPMENT
COMPROMISE

8.4 THE ROLE OF THE FEDERAL LAND DEVELOPMENT AUTHORITY
IN ATTAINING THE OBJECTIVES OF THE NEW DEVELOPMENT
STRATEGY

8.4a The present Role of the Federal Land Development
Authority;

8.4b The Future Role of the Federal Land Development
Authority;

8.5 CONCLUSION

LIST OF TABLES

(N.B. On some tables percentages do not total exactly 100% due to rounding of sub-totals)

- 1.1 Federation of Malaysia - Estimated Population, 1976.
- 1.2 Peninsular Malaysia - Estimated Population by Community, 1976.
- 1.3 East Malaysia - Estimated Population by Community, 1976.
- 1.4 Peninsular Malaysia - Allocations to Land Development as Proportions of Allocations to Agriculture and Rural Development, 1956 - 1980.
- 1.5 Peninsular Malaysia - Allocations to Federal Land Development Authority as Proportions of Total Allocations to Land Development, 1961 - 1980.
- 1.6 Peninsular Malaysia - Importance of Land Development within Public Development Programmes, First Malaysia Plan (1966 - 1970) and Second Malaysia Plan (1971 - 1975).
- 1.7 Peninsular Malaysia - Importance of Land Development within Agriculture and Rural Development, First Malaysia Plan (1966 - 1970) and Second Malaysia Plan (1971 - 1975).
- 1.8 Peninsular Malaysia - Importance of Federal Land Development Authority within Agriculture and Rural Development, First Malaysia Plan (1966 - 1970) and Second Malaysia Plan (1971 - 1975).
- 2.1 Peninsular Malaysia - Acreage of Land Developed by Type of Land Development Scheme, December 1970.
- 2.2 Peninsular Malaysia - Land Development Progress, 1971 - 1975 and Target Acreage, 1976 - 1980.
- 2.3 Federal Land Development Authority - Acreage Planted by State and by Crop Type, 1970.
- 2.4 Federal Land Development Authority - Distribution by State of Schemes Implemented in Two Time Periods, 1957 - 1963 and 1964 - 1970.

- 2.5 Federal Land Development Authority - Details of Subsidiaries.
- 2.6 Peninsular Malaysia - Availability of Unalienated Land Suitable for Agriculture by State, 1975.
- 2.7 Peninsular Malaysia - Projected Land Development by State, 1971 - 1990.
- 3.1 Peninsular Malaysia - Value of Export Commodities, 1957.
- 3.2 Peninsular Malaysia - Percentage Tin Production by State, 1929, 1939 and 1958.
- 3.3 Peninsular Malaysia - Estate and Small-Holding Rubber Acreage by State, 1953.
- 3.4 Peninsular Malaysia - Distribution of Factories by State, 1959.
- 3.5 Peninsular Malaysia - Percentage of Economically Active by Main Industrial Sector and by State, 1957.
- 3.6 Peninsular Malaysia - Percentage Shares by State of All Persons Economically Active in Each Main Industrial Sector, 1957.
- 3.7 Peninsular Malaysia - Principal Sources and Destinations of Electricity Supplies, 1957.
- 3.8 Peninsular Malaysia - Distribution of Towns in Two Size Classes by State, 1957.
- 3.9 Peninsular Malaysia - Distribution of Urban Areas and of Urban Population by State, 1957.
- 3.10 Peninsular Malaysia - Primary and Secondary School Enrolments by State, 1953.
- 3.11 Peninsular Malaysia - Distribution of Physicians by State, 1954.
- 3.12 Peninsular Malaysia - Distribution of Hospitals and of Hospital Beds by State, about 1954.
- 3.13 Peninsular Malaysia - Distribution of Total Population by State, at Censuses of 1921, 1931, 1947 and 1957.
- 3.14 Peninsular Malaysia - Community Composition by State at Census of 1957.
- 3.15 Peninsular Malaysia - Population by Community and by Degree of Urbanization at Census of 1957.

- 3.16 Peninsular Malaysia - Community by Industry, 1957.
- 3.17 Peninsular Malaysia - Industry by Community, 1957.
- 3.18 Peninsular Malaysia - Approximate Distribution of Total Individual Incomes by Community, 1957.
- 3.19 Peninsular Malaysia - Distribution of Individual Incomes under M\$12,000 per annum by Community and by Urban/Rural Status, 1957.

- 4.1 Peninsular Malaysia - Draft Development Plan (1950 - 1955)
- Target and Actual Expenditures.
- 4.2 Peninsular Malaysia - First Malaya Plan (1956 - 1960) -
Target and Actual Expenditures.
- 4.3 Peninsular Malaysia - Second Malaya Plan (1961 - 1965)
- Target and Actual Expenditures.
- 4.4 Peninsular Malaysia - First Malaysia Plan (1966 - 1970)
- Target and Actual Expenditures.

- 5.1 Peninsular Malaysia - Percentage of Total Vote Obtained
by Party at General Elections of 1955, 1959, 1964 and 1969.
- 5.2 Peninsular Malaysia - Results of General Elections to Federal
Parliament by Party, 1964 and 1969.
- 5.3 Peninsular Malaysia - Result of General Election to Federal
Parliament by Party and by Community, 1969.
- 5.4 State of Selangor - Results of Election to State Assembly
by Party, 1964 and 1969.

- 6.1 Peninsular Malaysia - Second Malaysia Plan (1971 - 1975)
- Target and Actual Expenditures.
- 6.2 Peninsular Malaysia - Third Malaysia Plan (1976 - 1980)
- Target and Actual Expenditures.
- 6.3 Peninsular Malaysia - Importance of Federal Land Development
Authority and of Other Land Development within Agriculture
and Rural Development, First Malaysia Plan (1966 - 1970),
Second Malaysia Plan (1971 - 1975), and Third Malaysia
Plan (1976 - 1980).

- 6.4 Peninsular Malaysia - Comparison between Federal Land Development Authority and Agencies/Programmes Designed to Create a Malay Commercial and Industrial Community.
- 7.1 Federal Land Development Authority - Incomes of FELDA Settlers Prior to Scheme Entry.
- 7.2 Federal Land Development Authority - Net Average Income of FELDA Settlers, January to November, 1976.
- 7.3 Federal Land Development Authority - Average Monthly Net Income of FELDA Settlers, 1973 - 1977.
- 7.4 Federal Land Development Authority - Occupations of Settlers' Children Who Have Completed Schooling, 1976.
- 7.5 Federal Land Development Authority - Level of Educational Attainment of Settlers and Settlers' Children.
- 7.6 Federal Land Development Authority - States of Origin of Settlers on Jengka I (Anggerik), 1976.
- 7.7 Federal Land Development Authority - Expenditure on the Modification of Settlers' Houses.
- 7.8 Federal Land Development Authority - Physical and Social Infrastructure on FELDA Schemes, 1974.
- 7.9 Federal Land Development Authority - Population Sizes of Schemes, 1976.
- 7.10 Physical and Social Infrastructure in Two Established Small Rural Towns: Jitra (Kedah) and Simpang Empat (Perlis), 1974.
- 7.11 Physical and Social Infrastructure in Four FELDA Schemes, 1975.
- 7.12 Bilut Valley FELDA Scheme - Type and Ethnic Ownership of Retail Establishments, 1975.
- 7.13 Retail Establishments in Two Established Small Rural Towns: Jitra (Kedah) and Simpang Empat (Perlis), 1974, 1970 and 1957.
- 7.14 Federal Land Development Authority - Age Structures and Community Composition of Settled FELDA Schemes.

- 7.15 Federal Land Development Authority - Subsidiary Occupations of Settlers and Their Wives.
- 7.16 Federal Land Development Authority - Subsidiary Occupations of Settlers and Their Wives on Jengka I.
- 7.17 Federal Land Development Authority - State of Origin of Settlers on FELDA Schemes, 1976.

- 8.1 Peninsular Malaysia - National Socio-Economic Development Planning - Sectoral Emphasis, 1956 - 1980.
- 8.2 Peninsular Malaysia - Comparison between Federal Land Development Authority and Regional Development Authorities, Second Malaysia Plan (1971 - 1975).
- 8.3 Peninsular Malaysia - Comparison between Federal Land Development Authority and Regional Development Authorities, Third Malaysia Plan (1976 - 1980).

LIST OF FIGURES

FRONTISPIECE	Southeast Asia
1.1	Federation of Malaysia
2.1	Peninsular Malaysia: Land Development Strategies, 1973
3.1	Peninsular Malaysia: Political Divisions, 1832 - 1942
3.2	Peninsular Malaysia: Spatial Distribution of Economic Development, about 1957
3.3	Peninsular Malaysia: Distribution of Tin-Fields, about 1957
3.4	Peninsular Malaysia: Distribution of Rubber Estates, about 1957
3.5	Peninsular Malaysia: Development of Railway Network up to 1939
3.6	Peninsular Malaysia: Development of Road Network up to 1939
3.7	Peninsular Malaysia: Physical Infrastructure - Main Transport Network and Major Sources of Power, 1957
3.8	Peninsular Malaysia: Towns with Population 5,000 or over, 1957
3.9	Peninsular Malaysia: Provision of Medical Infra- Structure and of Secondary Educational Infrastructure, 1954
3.10	Peninsular Malaysia: Density of Population by District, 1957

- 3.11 Peninsular Malaysia: Distribution of Malay
 Population by District, 1957
- 3.12 Peninsular Malaysia: Distribution of Chinese
 Population by District, 1957
- 3.13 Peninsular Malaysia: Distribution of Indian
 Population by District, 1957
- 3.14 Peninsular Malaysia: Community Distribution by
 State at Census of 1957

- 5.1 Peninsular Malaysia: Political Orientation of
 Parties, 1969

- ENDPAPER Peninsular Malaysia: Distribution of Federal
 Land Development Authority Schemes, 1976

GLOSSARY OF ACRONYMS, ABBREVIATIONS
AND BAHASA MALAYSIA WORDS

The National language of the Federation of Malaysia - the Bahasa Malaysia - is in fact Malay, the language of the Federation's principal community. The selection of Malay as the National language has come about partly because of the Malays' status as the largest indigenous community, and partly because of the political requirement that Malay culture and institutions must form the basis of national unity within the Federation.

The Glossary lists the acronyms, abbreviations and Malay words contained in the thesis. The spelling of Malay words is now standardised, but occasional alternative spelling may still be encountered. The Glossary reflects this situation where appropriate.

- | | |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Alliance | - the coalition between the United Malays National Organization (U.M.N.O.), the Malayan Chinese Association (M.C.A.) and the Malayan Indian Congress (M.I.C.). Formed in 1952 to lead Peninsular Malaysia to independence, the Alliance collapsed after the crisis of May, 1969. |
| bahasa | - language, hence <u>Bahasa Malaysia</u> or Malaysian language. <u>Bahasa Malaysia</u> is also termed <u>Bahasa Kebangsaan</u> , the National language. |
| bahru, baru | - new. |
| Barisan Nasional | - National Front.
The <u>Barisan Nasional</u> replaced the Alliance as the main political coalition in Malaysia, and currently dominates politics in the Federation. The <u>Barisan Nasional</u> is essentially the Alliance writ large, U.M.N.O., M.C.A. and M.I.C. having been joined in coalition by most of the Federation's remaining political parties. |
| batik | - light cotton cloth, the pattern created by using wax or starch to protect selected portions from the effects of the dyes. |
| besar | - big or large; powerful or important. |

bin	- son of; used to indicate family relationship, as in Ahmad <u>bin</u> Alias, Ahmad son of Alias.
bukit	- hill.
bumiputera, bumiputra	- native or indigenous people; usually used as a synonym for the Malays, and translated as princes or sons of the soil.
D. A. P.	- Democratic Action Party.
D. A. R. A.	- Pahang Tenggara Regional Authority.
Datuk, Dato'	- literally grandfather, here used as a respectful title for a man of high rank or status.
Dewan Rakyat	- House of Representatives. The Federal Parliament comprises the <u>Yang di-Pertuan Agong</u> (King or Supreme Sovereign), the <u>Dewan Negara</u> (Senate), and the <u>Dewan Rakyat</u> . The Dewan Rakyat is an elective assembly corresponding to the British House of Commons: a dewan is a hall or meeting place.
dusun	- orchard.
F. A. M. A.	- Federal Agricultural Marketing Authority.
F. E. L. D. A.	- Federal Land Development Authority.
F. I. D. A.	- Federal Industrial Development Authority.
Gerakan	- <u>Gerakan Rakyat Malaysia</u> , or Malaysian People's Movement; sometimes abbreviated to G. R. M.
gunong, gunung	- mountain, peak.
gula	- sugar.
haji	- used to denote a man who has made the pilgrimage to Mecca.
jalan	- road, street.
J. K. K. R.	- <u>Jawatan Kuasa Kemajuan Rancangan</u> , or FELDA Scheme Development Committee.
kampung, kampong	- village, especially a Malay village; may be used also to denote a suburb of largely Malay character, as in the Kampong Bahru area of Kuala Lumpur.
kebangsaan	- national; <u>Bahasa Kebangsaan</u> , National language.

kedai	- shop; <u>kedai kopi</u> , coffee shop.
K. E. J. O. R. A.	- Johore Tenggara Regional Authority.
K. E. TENGAH	- Trengganu Tengah Regional Authority.
kilang	- mill or factory.
kopi	- coffee.
kuala	- estuary; also a confluence between two rivers.
laut	- sea.
L. P. M.	- Labour Party Malaysia.
lumpur	- mud, or muddy.
M. A. D. A.	- Muda Agricultural Development Authority, the organization in charge of the Muda Irrigation Project in Kedah-Perlis.
M. A. R. A.	- Majlis Amanah Rakyat or Council for the Development of the Indigenous People, charged with assisting <u>bumiputra</u> participation in commerce and industry.
M. A. R. D. E. C.	- Malaysian Rubber Development Corporation.
M. C. A.	- Malayan Chinese Association, a founder-member of the Alliance.
menteri, menteri	- minister, person at head of a department of State and usually a member of the Cabinet; <u>Menteri Besar</u> , Chief Minister of a state.
merdeka	- independent, self-governing; used also in the sense of a noun, as in <u>Merdeka!</u> , Freedom!
M. I. C.	- Malayan Indian Congress, a founder-member of the Alliance.
M. I. D. F.	- Malaysian Industrial Development Finance Ltd.
N. A. P. R. A.	- National <u>Padi</u> and Rice Authority.
negara	- country, nation state.
Orang Asli	- the forest-dwelling, aboriginal peoples of Peninsular Malaysia; literally original (<u>asli</u>) people (<u>orang</u>).
padang	- field or plain; often used to denote an open space, playing field or green at the centre of a town or village.

padi	- rice growing in the field, or unhusked rice grain.
P. A. P.	- People's Action Party, later the Democratic Action Party.
P. A. S.	- <u>Parti Islam Sa-Tanah Melayu</u> , the Malay form of Pan-Malayan Islamic Party.
pembangunan	- development.
P E R. N A S. .	- <u>Perbadanan Nasional Berhad</u> or National Corporation, a government financed holding company established to speed the creation of a Malay commercial and industrial community.
pertanian	- agricultural.
P.- M. I. P.	- Pan-Malayan Islamic Party.
P. P. P.	- People's Progressive Party.
P. R.	- <u>Parti Rakyat</u> , the People's Party.
putera, putra	- prince.
P. W. D.	- Public Works Department; in Malay <u>Jabatan Kerja Raya</u> , J. K. R.
rakyat	- citizens or subjects of a country, the people; sometimes spelt <u>ra'ayat</u> .
R. I. S. D. A.	- Rubber Industry Smallholders Development Authority.
Rukunegara	- National Ideology, the principles and rules intended to guide national unity in the Federation; made up from <u>rukun</u> (principle) and <u>negara</u> (country), and spelt alternatively as <u>Rukun Negara</u> .
S. E. D. C.	- State Economic Development Corporation.
sendirian berhad	- the equivalent of company limited, often abbreviated to <u>Sdn. Bhd.</u> (Co. Ltd.).
S. F.	- Socialist Front.
sungai, sungei	- river.
syarikat	- company, firm.
tanah	- land, soil; <u>Tanah Melayu</u> , the Malay Land, a Malay expression for Peninsular Malaysia.

- Tuanku - honorific title given to a ruler and to members of a royal family, equivalent to Highness.
- Tun - title given to holder of Seri Maharaja Mangku Negara (S. M. N.) or of Seri Setia Mahkota (S. S. M.), respectively the highest and second highest Orders of Chivalry conferred by the King.
- Tunku - an honorific applied to important persons.
- U. D. A. - Urban Development Authority.
- U. D. P. - United Democratic Party.
- ulu - upstream, the upper part of a river; sometimes spelt hulu.
- U. M. C. O. - United Malayan Chinese Organization.
- U. M. N. O. - United Malays National Organization, a founder member of the Alliance and most important political party in the Federation.

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The field-trip period itself lasted for exactly six months, from 16th January to 16th July, 1977. Much time was spent using the research facilities afforded by the University of Malaya library, the Economic Planning Unit of the Prime Minister's Department, and the Head Office of the Federal Land Development Authority, and in early February 1977 I had the fortune to be invited to accompany Doctor P. D. A. Perera and Mr. Honey Kung on a fact-finding trip to FELDA schemes on the East Coast. During this trip several schemes were visited, notably Jengka I, Ulu Jempol, Jerangau and Chalok, and I had opportunity for discussion - formal and informal - with Dr. Perera, Mr. Kung, and FELDA managers, staff, and settlers. In particular, this trip served as a reconnaissance for a later visit to the Jengka Triangle.

This later visit to the Jengka Triangle occupied much of the period early-April to mid-June 1977, with occasional returns to Kuala Lumpur. During my time in the Jengka Triangle I was resident mainly at the FELDA guest-house at the Tun Abdul Razak Research Centre (Sungai Tekam, Pahang), and I spent much time at Jengka I. Here I had ample opportunity to observe and experience life on a typical FELDA scheme as I attempted to investigate the conditions of the settlers and their dependants, and I would like to thank the managers and staff at Jengka I and at the Jengka regional office (Sungai Tekam) for their assistance. In particular, I would like to thank the many settlers - and the members of their families - who were hospitable enough to invite me into their homes, and cooperative enough to supply me with information.

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Lastly, it must be noted that in the final analysis this thesis is the responsibility of the author, who must acknowledge sole responsibility for views expressed, errors and omissions.

To my parents

CHAPTER 1

National Socio-Economic Development Planning,
National Unity, and Land Development in Peninsular
Malaysia - An Assessment of the Ability of the Federal
Land Development Authority to Contribute to Attaining
the Objectives of the New Development Strategy.

1.1 INTRODUCTION

1.1a Southeast Asia

Southeast Asia is that region located east of the Indian sub-continent, south of China, and north of Australia, and is reckoned usually to comprise Burma, Thailand, Laos, Vietnam, Cambodia, Malaysia, Singapore, Brunei, Indonesia and the Philippines.⁽¹⁾ The first five countries are appended to the Asian mainland, whereas the latter states occupy the peninsulas and archipelagos separating the Indian Ocean from the Pacific. Thus Southeast Asia may be sub-divided into Continental Southeast Asia (Burma, Thailand, Laos, Vietnam, Cambodia), and Maritime Southeast Asia (Malaysia, Singapore, Brunei, Indonesia, the Philippines).⁽²⁾

The geographical boundaries delimiting Southeast Asia as a region are both physical and human. The physical boundaries - mountains and seas - are identified relatively easily. The human

boundaries - those of ethnicity, religion, language and culture - are discovered less readily, for the complex diversity of Southeast Asia's human geography renders problematical the identification of a human regional identity.⁽³⁾

In the north of the region, Continental Southeast Asia is separated from its regional neighbours - India and China - by the mountain ranges which stream southwards from the southeastern corner of the Tibetan Plateau and the Himalayas.⁽⁴⁾ To the west, the Naga Hills and the Arakam Yoma divide Burma from India. Further east, Burma, Laos and Cambodia are separated from the Yunnan province of China by an inhospitable, mountainous frontier.

In the south of the region, Maritime Southeast Asia is bounded by two oceans - the Indian and the Pacific - which are much deeper than the shallow seas overlying the continental shelf which bears the peninsulas and archipelagos. To the west and south of Indonesia the waters of the Indian Ocean descend 5,000 metres or more, and to the east of the Philippines the Pacific Ocean plunges suddenly to over 8,000 metres. To the southeast, Australia spreads its continental bulk - largely arid and empty - in contrast to the humid, populous islands of Maritime Southeast Asia.

As noted above, Southeast Asia exhibits a diverse human geography, the ramifications of which make difficult the identification of a Southeast Asian region based on human geographical criteria. Southeast Asia encompasses many ethnic groups, some indigenous - for example Burmans, Thais and Malays - some exogenous - primarily Chinese, Indians and Europeans. This plethora of peoples enjoys great variety in religions, languages and cultures,

and recognition of a regional identity based on one human criterion is impossible. Yet Southeast Asia's very heterogeneity in human geography is perhaps the region's best identification, for Southeast Asia contrasts in this respect with the homogeneity of human geography in India, China and Australia.⁽⁵⁾

Southeast Asia contains ten independent states which have many features in common, and which share historical, social and economic experiences. Nearly all of Southeast Asia is recently independent from European authority, and all of its countries may be classed as developing or 'Third World'.⁽⁶⁾ Southeast Asia's countries share the numerous problems which attend socio-economic development in new states. This study concerns itself with certain aspects of the geography and socio-economic development of just one Southeast Asian country, the Federation of Malaysia.

1.1b The Federation of Malaysia⁽⁷⁾

The Federation of Malaysia is one of the states of Maritime Southeast Asia, and consists of territories which once owed allegiance to the United Kingdom. The former British territories in Southeast Asia have experienced several changes of political status, both during the colonial era and after the cessation of direct rule, and the major political events which touch upon the Federation are detailed in Chapter 3 and Appendix I. The present Chapter will give a brief description of the Federation's present status.

The Federation of Malaysia is an association of thirteen states, and may be subdivided into Peninsular Malaysia and East Malaysia.

Peninsular Malaysia comprises eleven states grouped at the end of the Malay Peninsula, sandwiched between the Republic of Thailand and the island Republic of Singapore. The eleven states are Perlis, Kedah, Penang and Province Wellesley, Perak, Selangor, Negri Sembilan, Malacca, Johore, Pahang, Kelantan and Trengganu. East Malaysia is separated from Peninsular Malaysia by some 330 miles of the South China Sea, and comprises the Bornean States of Sabah and Sarawak.

The Fédération of Malaysia was created on September 16th, 1963. Prior to federation, Peninsular Malaysia and East Malaysia had been administered separately by the British. The present association between the peninsular states and the Bornean States is a recent innovation.

Traditional political detachment, and several present geographical differences, allow the Federation's two components to be considered separately. The physical gulf dividing Peninsular Malaysia from East Malaysia is apparent from Figure 1.1. Otherwise the two components reveal similarity in their physical geography. However, Peninsular Malaysia and East Malaysia exhibit basic differences in their human geography - demographic differences especially - which distinguish them from each other.

The physical gap between Peninsular Malaysia and East Malaysia, historical political separateness, and basic differences in their human geography, make legitimate a study of only one of the Federation's two components. Consequently, the present study will limit itself to Peninsular Malaysia.

1.1c Peninsular Malaysia⁽⁸⁾

Peninsular Malaysia is that political unit occupying the tip of the Malay Peninsula, itself the southeastern mainland extremity of Asia. The country lies approximately between Latitudes $1^{\circ} 20'$ and $6^{\circ} 40'$ north of the Equator, and between Longitudes $99^{\circ} 35'$ and $104^{\circ} 20'$ east of Greenwich.⁽⁹⁾

The climate of Peninsular Malaysia may be described as hot and humid the year round. The country has an equatorial climate, modified by insularity and exposure to the Asian monsoon. Temperatures are always high, there is no cold season, and seasons are distinguished by variations in rainfall rather than in temperature. Mean annual temperature in the lowlands lies between 78° and 80.5° Fahrenheit (25.6° - 26.9° Centigrade) and mean annual rainfall ranges from a minimum of 65 inches or 1,651mm (in Jelebu District of Negri Sembilan, in a rain-shadow cast by mountains) to a maximum of 201 inches or 5,105 (at Maxwell's Hill, Perak).

Peninsular Malaysia's relief and drainage comprise a mountainous core edged by a coastal plain, the whole drained by "a dense network of rivers and streams" (Ooi Jin Bee, 1976, p.24). Relief is dominated by the Main Range, which trends southwards from the Thai border for approximately 300 miles until it reaches the coastal plain of Malacca. The Main Range has peaks over 7,000 feet high and lies west of the geographical centre-line of the country.⁽¹⁰⁾ Drainage is not dominated by any one river, the largest river - the Pahang - being only slightly in excess of 270 miles.

The complex human geography of Peninsular Malaysia mirrors the very great diversity and heterogeneity characteristic of Southeast Asian countries. Peninsular Malaysia's population may be split into those peoples considered indigenous - various aborigines, and the Malays - and those peoples of immigrant origin - primarily Chinese, Indians and Europeans.

The indigenous people proper consist of small groups of nomadic aborigines who inhabit the more inaccessible mountains, forests, and swamps. These aborigines are variously hunters and gatherers or shifting cultivators, and their collective Malay name is Orang Asli.⁽¹¹⁾ At the 1970 Census the Orang Asli numbered only 52,499 and were concentrated in the more remote regions of Pahang, Perak and Kelantan.

The Malays are not indigenous in sensu stricto, for the Orang Asli were resident in the peninsula at the time of Malay immigration. However, the Malays may be considered indigenous, for they had made themselves de facto rulers of the peninsula by the time Europeans penetrated Southeast Asia in force. It was the Malays with whom the British treated, and it is from the Malays that the names of the peninsula and of the Federation are derived. The Malay claim to being indigenous is attested by their length of residence and their numerical superiority over the Orang Asli, and for all practical purposes today the indigenous nature of the Malays is unquestioned.

The status of the immigrant peoples is less controversial: their arrival in the peninsula is a matter of recent historical record. European expansion into the Malay Peninsula, especially by the British, stimulated an influx of Chinese and Indian immigrants.

The consequences of these mass-immigrations upon the socio-economic framework of Peninsular Malaysia form the burden of this study. At this juncture it suffices to note that the immigrants were attracted to the west coast, which became consequently more developed and urbanised than the remainder of the country.

The British presided over the development of this hot, humid peninsula and its increasingly polyglot population. The East India Company's servant - Francis Light - occupied Penang in 1786, and from then up to the Second World War the British created in the Malay Peninsula a territory of great economic power. Prior to independence, the rationale of planning was the "maintenance of a productive system in West Malaysia for the greater welfare of the United Kingdom" (Lim, D., 1975, p.3). British Malaya was one of the most valuable jewels in the British Empire's crown.

The Japanese invasion of Southeast Asia tolled the knell of European supremacy in the region. The Japanese military machine trounced the European powers in the short term, and the speedy re-acquisition of their territories could not compensate the Europeans for their loss of face in the eyes of Southeast Asian peoples. The Japanese had exploded the colonial myth of European superiority over the Asian, and post-Second World War Southeast Asia echoed to the clamour for freedom from European hegemony.⁽¹²⁾

In British Malaya the yearning for Merdeka (freedom) bore fruit on 31st August, 1957, when the Federation of Malaya became an independent country within the Commonwealth. The attainment of independence was attended by reservations about welding the heterogenous

Malayan peoples into one nation, but the mood was generally one of optimism. The Federation of Malaya had inherited from the British a wealth-generating economy the envy of the new country's peers, and of the new States which emerged about that time the Federation of Malaya was marked down as one of those most likely to succeed.⁽¹³⁾

The Federation's experiences in the years after independence boosted this self-confidence. The economy continued to grow apace during the 1960s, and any inter-ethnic confrontations that did occur were considered infrequent and transient aberrations.⁽¹⁴⁾ Yet on May 13th, 1969, Peninsular Malaysia - on the surface prosperous and peaceful - was shattered by race riots. This "day of national tragedy" (National Operations Council, 1969, p.iii) revealed that economic success in the post-independence era had not united the diverse population of the country. The "glossy veneer of an average 6% growth" (Richards, 1973, p.21) could not hide the cracks which split indigene from immigrant, Malay from Chinese and Indian. Goh Cheng Teik stated at that time, "the most pertinent question to ask is why, after fourteen years of unbroken Alliance administration, Malayan society was more, and not less divided" (Goh Cheng Teik, 1971, p.44).

This study does not purport to answer the question posed by Goh Cheng Teik. The fundamental reasons for the lack of national unity in 1969 have been explained satisfactorily in the years since the May 13th race-riots. The factor causing disunity was identified as the failure of the wealth and advantages generated by economic growth to be transmitted equally to all parts of Peninsular Malaysia's

socio-economic system. The poorer elements of Peninsular Malaysia's socio-economic system felt that they had not tasted fully of the fruits of Merdeka. In particular, the indigenous Malay population felt that socio-economic development had by-passed them in favour of the immigrant Chinese and Indian populations.

The government of Peninsular Malaysia reacted quickly in the wake of the May, 1969 race-riots. The government promulgated a New Development Strategy intended to correct the socio-economic problems of the country, so as to create an environment favourable to the development of national unity. The chief element of this new strategy of socio-economic development was the New Economic Policy, designed to establish the conditions for national unity in Peninsular Malaysia.

The May 13th race-riots occurred nearly twelve years ago, and their cause has long been known. Goh Cheng Teik's question has been answered. Observers seem to agree that the government of Peninsular Malaysia has identified the problems correctly, and that the New Economic Policy is in theory aimed squarely at the roots of the problem: the racial and regional socio-economic imbalances in Peninsular Malaysia. However, the practical achievement of national policy is only as good as the individual socio-economic development programmes implemented to achieve such policy objectives. Therefore a second question is most pertinent today: viz, are individual programmes implemented in Peninsular Malaysia themselves aimed squarely at national policy objectives? If they are not, then national policy objectives cannot be achieved.

This study concentrates on land development in Peninsular Malaysia, paying particular attention to the role of one agency - the Federal Land Development Authority (FELDA) - in attaining the objectives of the New Development Strategy. It is impossible to overstate the importance of the Federal Land Development Authority on the present socio-economic development front in Peninsular Malaysia, for "the Government has accepted FELDA to be the foremost instrument for its development strategy" (Bahrin and Perera, 1977, p.48). Thus an assessment of the role of the Federal Land Development Authority in attaining national policy objectives at about the half-way stage of the New Economic Policy is not just timely: it is imperative if the Authority is to contribute fully to the creation of national unity in Peninsular Malaysia.

1.2 NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLANNING, NATIONAL UNITY AND LAND DEVELOPMENT IN PENINSULAR MALAYSIA

This study concentrates upon three aspects of socio-economic development in Peninsular Malaysia. These three aspects are national socio-economic development planning, national unity, and land development. The study examines the interrelationships between these three major components of the development process in Peninsular Malaysia, taking as its rationale the assumption that individual programmes must be directed squarely at national objectives if these latter are to be obtained.

In Peninsular Malaysia, the creation of national unity is the priority theme of present national planning, and "the dominance of the rural sector in Malaysia has necessarily made land development

and settlement the key to economic development, social progress and political stability" (Bahrin and Perera, 1977, p.1). Also, the Federal Land Development Authority is "by far the largest" (Tan Bock Thiam, 1975, p.206) of Peninsular Malaysia's land development agencies. Consequently, this study focusses upon the ability of the Federal Land Development Authority to contribute to the attainment of the national unity objective at the heart of development planning in Peninsular Malaysia today.

1.2a National Socio-Economic Development Planning in Peninsular Malaysia

Bernstein has stated that development "became an issue of urgent priority following the end of the Second World War" (Bernstein, 1971, p.142), and this was certainly the case in British Malaya. The immediate post-Second World War years were occupied by reconstruction of the economy, which had suffered much damage in the war with Japan. However, post-War restoration was rapid, and by about 1948/1949 the British could think in terms of planned future growth rather than of rehabilitation.⁽¹⁵⁾ This desire for a planned economic future resulted in the Draft Development Plan of the Federation of Malaya (1950 - 1955), which heralded a series of five-year national development plans after independence.

The Draft Development Plan was followed by the First Malaya Plan (1956 - 1960) and the Second Malaya Plan (1961 - 1965), themselves precursors of the 'Malaysia' Plans which followed the creation of the Federation of Malaysia: the First Malaysia Plan (1966 - 1970), the Second Malaysia Plan (1971 - 1975), and the Third Malaysia Plan

(1976 - 1980). These Plans may be subdivided into the three which preceded the May, 1969 race-riots (the First Malaya Plan, the Second Malaya Plan and the First Malaysia Plan), and the two which were published subsequent to 1969 (the Second Malaysia Plan and the Third Malaysia Plan).

The relationship between the several Plans implemented in Peninsular Malaysia since 1950 forms an important content of this study. The Draft Development Plan, the First Malaya Plan, the Second Malaya Plan, and the First Malaysia Plan form the burden of Chapter 4. The Second and Third Malaysia Plans are considered in Chapter 6. Chapter 8 summarises the main findings in respect of the Plans' relationships.

Apthorpe has cast doubt upon the efficacy of national socio-economic development Plans in developing countries. He states that "nationally and internationally development planning for and in the third world unfortunately has become an end in itself" (Apthorpe, 1970, p.10). This suggests that the governments of developing countries look upon possession of a Plan document as their sole aim, without any real consideration of the feasibility, objectives and sense of their Plans. In 1964, Ness - anticipating the present study - posed the question, "what is the relation between goals of development organisations and the changes experienced by the total social system?" (Ness, 1964, p.416).

The foregoing suggests that national socio-economic development Plans - particularly the evaluation of such Plans - offer a fruitful field of research to the human geographer. Evaluation may be defined

as a "systematic attempt to provide data as the basis for programme planning and to assess, by organised procedures, progress towards previously established objectives" (United Nations, 1971, p.154). This study attempts in part an evaluation of the national socio-economic development Plans of Peninsular Malaysia.

The several national socio-economic development Plans of Peninsular Malaysia enshrine the policy objectives deemed important by Peninsular Malaysia's planners over the years. The 30-year period 1950 - 1980 was marked by several major political events in Peninsular Malaysia, each having implications for the course and nature of national socio-economic development planning. The most important political events for their impact upon the national Plans were the elections and the Kuala Lumpur race-riots of May, 1969, in the aftermath of which the government stated its present overall objective of national unity in Peninsular Malaysia. Consequently, an evaluation of Peninsular Malaysia's national Plans - past and present - is vital to an assessment of FELDA's ability to contribute to attaining the government's goal of national unity.

1.2b National Unity in Peninsular Malaysia⁽¹⁶⁾

It was noted above (p.32) that independence in 1957 was attended by optimism with regard to Peninsular Malaysia's future, but that in May, 1969 this optimism was shattered by severe race-rioting in Kuala Lumpur. National socio-economic development planning between 1957 and 1969 had failed to create a Peninsular Malaysian nation. The factors underlying the lack of national unity in Peninsular Malaysia in 1969 will be discussed below.

One feature of the European rush for territory in Africa and Asia during the eighteenth and nineteenth centuries was that it occurred on a piecemeal basis. Also, territory was desired for the economic wealth - actual or potential - which it represented. These two factors - the mainly piecemeal seizure of territory, and the desirability of land per se - meant that little consideration was accorded to the human populations of the territories which were expropriated. Thus, African and Asian peoples with little in common - indeed, who may have been traditional enemies - were often lumped arbitrarily into exogenous, European-dominated political units. In addition, under European aegis there was often the migration into these new territories of other, even more disparate peoples.

In the days of Imperial rule, this aggregation of diverse peoples into one political unit may have been attended by some friction, but usually the European powers were able to impose sufficient control to keep potential antagonists apart. Europeans played the role of master and mediator, ruling the lives of their subject populations and acting as liaison and buffer between them.⁽¹⁷⁾

In the post-Second World War era, many of the Europeans' territories in Africa and Asia voiced a determination for freedom from overseas domination, and in the majority of cases independence was achieved ultimately. Therefore, there are in Africa and Asia today many new countries which bear the hallmarks of colonialism, and these countries have had to come to terms with their particular heritage.

The main legacy willed to these new states was imbalance in

their socio-economic systems.⁽¹⁸⁾ This imbalance was sometimes regional, in that economic development was not spread evenly over the whole country.⁽¹⁹⁾ At other times the imbalance was racial, the different peoples of a new territory inheriting unequally from the Europeans social, economic or political power. In many cases, imbalance had both a regional and a racial component.

In Southeast Asia, the colonial experience had led to mass-migrations of Chinese and Indian peoples into the Europeans' Southeast Asian territories. Several factors tended to prevent the integration of immigrant with indigene, and many Southeast Asian countries acquired a "cellular society" (McGee, 1960, p.47), each group concentrating in

"self-contained cultural enclaves - Chinatowns, Indian estate labour lines, Chinese tin mines, Burman, Thai and Malay villages. Each group lived in its own watertight compartment; there was little economic competition and much social aloofness"

(McGee, 1960, p.47)⁽²⁰⁾

Today, such a society - divided into roughly equal disparate groups, coexisting yet unintegrated - may be termed a 'plural' society. Peninsular Malaysia exhibits a plural society par excellence.⁽²¹⁾

In 1957 Peninsular Malaysia inherited from British Malaya a socio-economic system laden with imbalance. Moreover, the colonial experience in Peninsular Malaysia had led to regional socio-economic imbalance being attended by extreme compartmentalisation of indigenous and immigrant races within the socio-economic system. It is this socio-economic compartmentalisation by race - rather than regional imbalance per se - which is the stumbling block to national unity in Peninsular Malaysia today:

"the thorniest of all problems in Malaysia at the moment stems from the economic disparities along racial lines in terms of employment, income distribution, and ownership and control of wealth"

(Ariff, 1973, p.377)⁽²²⁾

Ethnic socio-economic pluralism of a kind exists throughout the Federation, but the problem is acute within Peninsular Malaysia. Table 1.1 shows the population of the Federation at the end of 1976, and reveals that the bulk of Malaysia's population (some 83.7%) is resident in Peninsular Malaysia. Table 1.2 gives a breakdown by community of the population of Peninsular Malaysia. Table 1.3 presents similar data for East Malaysia. Study of these latter Tables is rewarding.

Table 1.2 shows that the indigenous people - the Malays - are numerically just the majority in Peninsular Malaysia (53.7% of the total). Non-Malays run the Malays close, having 46.3% of the population, the Chinese alone forming some 35.1% of Peninsular Malaysia's population. Table 1.3 contrasts with Table 1.2 in three main ways. First, it reveals that no one community claims numerical superiority in East Malaysia. The largest single community - the Chinese - muster only a quarter (25.8%) of the total population. Second, in East Malaysia the indigenes are much more numerous than the immigrant Chinese, the indigenous population making up 66.4% of the total. Third, the Malays are just one of several indigenous communities, and are inferior numerically to the Sea Dayaks (the former have 13.1%, the latter 16.5%, of the total population). Thus, East Malaysian society is inter-racial, not plural in the sense used above.

TABLE 1.1

Federation of Malaysia
ESTIMATED POPULATION, 1976^(a)

Political Unit	Population	%
Peninsular Malaysia	10,376,739	83.7
East Malaysia	2,025,600	16.3
Federation of Malaysia	12,402,339	100.0

(a) estimated 31 December 1976

Source: Federation of Malaysia, 1979a, p.23.

TABLE 1.2

Peninsular Malaysia
ESTIMATED POPULATION BY COMMUNITY, 1976^(a)

Community	Population	%
Malay ^(b)	5,571,649	53.7
Non-Malay	4,805,090	46.3
(Chinese)	(3,644,044)	(35.1)
(Indian and Pakistani)	(1,082,909)	(10.4)
(Others)	(78,137)	(0.8)
Total	10,376,739	100.0

(a) estimated 31 December 1976

(b) 'Malay' appears to include other indigenous people, namely the Orang Asli, who were very few in number (52,499 in 1970).

Source: adapted from Federation of Malaysia, 1979a, p.23.

TABLE 1.3

East Malaysia
ESTIMATED POPULATION BY COMMUNITY, 1976^(a)

Community	P O L I T I C A L U N I T					
	SABAH		SARAWAK		EAST MALAYSIA	
	Population	%	Population	%	Population	%
Malay	43,220	4.9	222,588	19.4	265,808	13.1
Non-Malay ^(b)						
Sea Dayak	-	-	333,859	29.2	333,859	16.5
Land Dayak	-	-	102,015	8.9	102,015	5.0
Melanau	-	-	61,469	5.4	61,469	3.0
Kadazan	224,084	25.5	-	-	224,084	11.1
Murut	37,168	4.2	-	-	37,168	1.8
Bajau	99,666	11.3	-	-	99,666	4.9
Indonesian	n.a.	-	-	-	n.a.	-
Other Indigenous	163,036	18.5	59,269	5.2	222,305	11.0
(Indigenous sub-total)	(567,174)	(64.4)	(779,200)	(68.1)	(1,346,374)	(66.4)
Chinese	168,355	19.1	354,712	31.0	523,067	25.8
Others	144,918	16.5	11,241	1.0	156,159	7.7
TOTAL	880,447	100.0	1,145,153	100.0	2,025,600	100.0

(a) estimated 31 December 1976

(b) Non-Malay indigenous people

Source: adapted from Federation of Malaysia, 1979a, pp.23 - 24.

Tables 1.1, 1.2 and 1.3 together emphasise that ethnic pluralism in the Federation of Malaysia is concentrated very much in Peninsular Malaysia. Peninsular Malaysia has 83.7% of the Federation's population, and it is in Peninsular Malaysia that the 'plural' balance between races having differing - yet approximately equal - shares of social, economic and political power is most sharply defined. The difference in the demography of Peninsular Malaysia vis-a-vis that of East Malaysia is a main reason for concentrating upon Peninsular Malaysia in this study.

Within Peninsular Malaysia, the pluralism of the socio-economic system - especially the compartmentalisation of the races into certain socio-economic niches - is the fundamental barrier to national unity.⁽²³⁾ As Mahathir Mohamad has noted, "equality has to be established first for race loyalties to disappear and integration to take place" (Mahathir Mohamad, 1970, p.178), for

"in a plural society, economic issues take on political overtones, not only because economic functions tend to be racially defined, as in the Malaysian case, but also because inter-ethnic comparisons of relative wellbeing and perceptions of relative deprivation tend to be group based"

(Chee, 1975, p.3)

The extremeness of ethnic socio-economic pluralism in Peninsular Malaysia means that "today almost every issue in Malaya, however apparently innocuous, is apt to give rise to unexpected communal overtones" (Fisher, 1966, p.645).

In modern Peninsular Malaysia, the lack of oneness between the communities - Malay and non-Malay - thrown together by the fickle tides of colonial experience, is considered the greatest threat to

the nation's integrity: "our status as a politically independent nation is tenable only if there is national unity" (Sambanthan, 1974, p.5). The severity of the danger to Peninsular Malaysia's peace and harmony cannot be overstated (Ariff, 1973, p.378). Thus, in the aftermath of the May 13th race riots, the government of Peninsular Malaysia made the decision to direct national socio-economic development planning at the correction of socio-economic imbalance and towards the creation of national unity.⁽²⁴⁾

Enloe has defined nation-building as "a complex mobilisation and inter-weaving of policy, resources, and groups for the sake of unity and modernisation" (Enloe, 1970, p.2). This study examines some aspects of Peninsular Malaysia's attempts to undertake nation-building, that "momentous and difficult process" (Federation of Malaysia, 1964, p.51).

1.2c Land Development in Peninsular Malaysia - The Federal Land Development Authority

The present study examines the role of one socio-economic development programme in Peninsular Malaysia - land development - in attaining that country's objective of national unity. More specifically, the study will assess the contribution of the Federal Land Development Authority to nation-building in Peninsular Malaysia. Such an assessment is vital for two reasons.

First, there is no doubt that FELDA is pre-eminent among socio-economic development programmes in Peninsular Malaysia today. Second, it is certain that the Authority was raised to this premier

position by the Malaysian government in the wake of the 1969 race-riots, and consequently that much of the burden for achieving the New Economic Policy - poverty eradication and restructuring of society, and hence national unity - has been placed squarely onto FELDA's shoulders by the Malaysian powers that be.

The following paragraphs will underline the pre-eminence of FELDA among socio-economic development programmes in modern Peninsular Malaysia. The agricultural/rural sector within the socio-economic system that is Peninsular Malaysia has always been so important to planners that all Peninsular Malaysia's recent development Plans have accorded priority to that sector. Within agriculture, "land development will be the major vehicle for achieving the objective of eradicating poverty, increasing rural incomes and expanding job opportunities" (Asia Research Bulletin, 1976, p.236).⁽²⁵⁾ This emphasis on land development is dictated to some extent by the common-sense of playing to Peninsular Malaysia's strengths:

"With Malaysia's abundance of both under-utilised labour and undeveloped land suitable for agriculture, along with extensive knowledge of perennial crop technology, there seems to be a prima-facie case for promoting new land development as a desirable and viable strategy for accelerating economic growth. They establish both a necessary and perhaps the sufficient condition for such a strategy. This has led planners to adopt a vast land development and settlement programme as a key element in the strategy for promoting economic growth".
(Syed Hussain Wafa, 1975, p.160)

Table 1.4 reveals the allocation to land development as a proportion of Agriculture and Rural Development allocations since land development started in Peninsular Malaysia with the creation of FELDA in 1956. Table 1.4 shows that for the last twenty years (i.e. since 1961) land development programmes of several kinds have received at least one-third of Plan allocations to Agriculture and Rural Development. Indeed, under the Second Malaysia Plan land development was entrusted with almost exactly half (50.6%) of the funds allocated to this sector.

Within the land development programmes, the premier status of the Federal Land Development Authority is unquestioned. Since its establishment in 1956, the Authority "has evolved to be the major land development and resettlement agency in Malaysia" (Bahrin and Perera, 1977, p.152), and in the period 1961 - 1975 FELDA was responsible for 41% of all land developed and for 48.8% of all persons resettled in Peninsular Malaysia (MacAndrews and Yamamoto, 1975a, p.4). FELDA was assigned 35% of all land to be developed during the Third Malaysia Plan period (1976 - 1980) (Bahrin and Perera, 1977, p.48).

The first position of the Authority among land development programmes is borne out by the data presented in Table 1.5. Table 1.5 gives the allocation to FELDA as a proportion of the total land development allocation between 1961 and 1980. The Authority was apportioned precisely 70.0% of the monies allocated to land development during the period 1961 - 1980, ranging from a high of 91.6% during the Second Malaya Plan period (1961 - 1965), to a low of 61.4% allocated under the Third Malaysia Plan (1976 - 1980).

TABLE 1.4

Peninsular Malaysia

ALLOCATIONS TO LAND DEVELOPMENT AS PROPORTIONS OF ALLOCATIONS TO AGRICULTURE
AND RURAL DEVELOPMENT, 1956 - 1980(a)

	First Malaya Plan 1956 - 1960(b)	Second Malaya Plan 1961 - 1965(c)	First Malaysia Plan 1966 - 1970(d)	Second Malaysia Plan 1971 - 1975(e)	Third Malaysia Plan 1976 - 1980(f)
Total Expenditure I Allocated to Agri- culture and Rural Development	265.60	545.30	900.20	1,570.86	3,901.90
Total Expenditure II Allocated to Land Development	15.00	191.00	335.00	795.14	1,603.69
Allocation to Land Development as III Proportion of Allo- cation to Agricul- ture and Rural Development (II as % of I)	5.6%	35.0%	37.2%	50.6%	41.1%

(a) figures in row I and row II are M\$ Million, and refer to original allocations.

Sources: See page 47.

TABLE 1.4

- Sources:
- (b) Federation of Malaya, 1961, Table II, Gross Public Investment, 1956 - 1960.
 - (c) Federation of Malaya, 1961, Table V, Allocation of Public Investment During the First and Second Five-Year Plans.
 - (d) Federation of Malaysia, 1965, Table 4-1, Malaysia: Sectoral Allocation of Public Development Expenditure in 1966 - 70 as Compared with 1961 - 65.
 - (e) Federation of Malaysia, 1971, Table 9-4, Public Development Expenditure for Agricultural Development, 1966 - 75.
 - (f) Federation of Malaysia, 1976, Table 16-3, Malaysia: Public Development Expenditure for Agricultural Programmes, 1971 - 80.

TABLE 1.5

- Sources:
- (b) Federation of Malaya, 1961, Table V, Allocation of Public Investment during the First and Second Five-Year Plans.
 - (c) Federation of Malaya, 1961, p.30, paragraph 91.
 - (d) Federation of Malaysia, 1965, Table 4-1, Malaysia: Sectoral Allocation of Public Development Expenditure in 1966 - 70 as Compared with 1961 - 65.
 - (e) Federation of Malaysia, 1965, p.117, paragraph 334.
 - (f) Federation of Malaysia, 1971, Table 9-4, Public Development Expenditure for Agricultural Development, 1966 - 75.
 - (g) Federation of Malaysia, 1976, Table 16-3, Malaysia: Public Development Expenditure for Agricultural Programmes, 1971 - 80.

TABLE 1.5

Peninsular Malaysia

ALLOCATIONS TO FEDERAL LAND DEVELOPMENT AUTHORITY AS PROPORTIONS
OF TOTAL ALLOCATIONS TO LAND DEVELOPMENT, 1961 - 1980(a)

	Second Malaya Plan 1961 - 1965	First Malaysia Plan 1966 - 1970	Second Malaysia Plan 1971 - 1975(f)	Third Malaysia Plan 1976 - 1980(g)	Overall 1961 - 1980
Total Expenditure I Allocated to Land Development	191.00 (b)	335.00 (d)	795.14	1,603.69	2,924.83
Total Expenditure Allocated to II Federal Land Development Authority	175.00 (c)	305.00 (e)	582.42	985.02	2,047.44
Allocation to Federal Land Development III Authority as Proportion of Total Allocation to Land Development (II as % of I)	91.6%	91.0%	73.2%	61.4%	70.0%

(a) figures in row I and row II are M\$ Million, and refer to original allocations.

Sources: See page 50.

In 1972, Wikkramatileke described the Federal Land Development Authority as "the leading spender within the Malaysian Government's programme of economic development" (Wikkramatileke, 1972a, p.77). The Authority still maintains this position, the Second Malaysia Plan and the Third Malaysia Plan both showing that FELDA is allocated more funds than any other development agency.⁽²⁶⁾ The Authority was established "to spear-head the government's programme to eradicate rural poverty through land development" (Lim, D., 1975, p.4), and has become "one of the most effective mechanisms in Malaysia's overall rural development policy" (MacAndrews, 1977, p.361). Today FELDA has 10 - 11% of Peninsular Malaysia's cultivated acreage (Alias, 1978, p.3), a figure magnified greatly in its importance by the Authority's concentration upon wealth-generating export crops.

However, the foregoing paragraphs and Tables conceal a second, and considerably more important, feature of FELDA's pre-eminence, namely that a marked change in emphasis occurred in the years following the crisis of 1969. Although land development had been important before 1969, after that date the government of Peninsular Malaysia deliberately shifted its policy towards agriculture and rural development by placing particular emphasis upon land development by FELDA as the main component of its socio-economic development strategy in the Malay-dominated rural areas. This shift is revealed clearly in Table I.6, Table I.7, and Table I.8.

Table I.6 shows the importance of land development within public development programmes for the First Malaysia Plan (1966 - 1970) - that is, pre-1969 - and for the Second Malaysia Plan (1971 - 1975) - that is, post-1969. Table I.6 reveals the importance of all land development programmes as a proportion (%) of all public development programmes, and of economic and social programmes only (see note (c) to Table I.6). For example, it is revealed in Table I.6 that monies allocated to land development were 9.0% of total planned public development expenditure for the First Malaysia Plan (1966 - 1970), whereas the equivalent figure with regard to economic and social programmes only was 11.1%.

Table I.6 reveals also that the planned and actual proportional expenditures on land development in the Second Malaysia Plan (1971 - 1975) were consistently much greater than their counterparts for the First Malaysia Plan (1966 - 1970). For example, whereas the money allocated to land development in the First Malaysia Plan (1966 - 1970) was 11.1% of the allocation to economic and social programmes only, the equivalent statistic for the Second Malaysia Plan (1971 - 1975) was 16.8%. Indeed, if the actual amounts allocated and expended are also considered (in addition to their proportions relative to the whole), then Table I.6 reveals a clear swing to land development in the early years post-1969 compared with the years immediately before that date (viz., 1966 - 1970).

TABLE 1.6
Peninsular Malaysia

IMPORTANCE OF LAND DEVELOPMENT WITHIN PUBLIC DEVELOPMENT PROGRAMMES,
FIRST MALAYSIA PLAN (1966-1970) AND SECOND MALAYSIA PLAN (1971-1975)

PROGRAMMES	FIRST MALAYSIA PLAN (1966-1970)		SECOND MALAYSIA PLAN (1971-1975)	
	PLANNED EXPENDITURE (a)	ACTUAL EXPENDITURE (b)	PLANNED EXPENDITURE (a)	ACTUAL EXPENDITURE (b)
	M\$ Millions	M\$ Millions	M\$ Millions	M\$ Millions
I (c)				
a) All Public Development Programmes	3,713.6 ^(d)	3,610.2 ^(d)	5,868.12 ^(e)	8,075.83 ^(e)
b) Economic and Social Programmes	3,026.1 ^(d)	2,855.5 ^(d)	4,734.78 ^(e)	6,904.55 ^(e)
II				
All Land Development Programmes ^(f)	335.00 ^(g)	309.70 ^(h)	795.14 ^(g)	992.31 ⁽ⁱ⁾
Land Development Programmes as % of all Public Development Programmes (II as % of Ia)	9.0%	8.6%	13.6%	12.3%
III				
Land Development Programmes as % of Economic and Social Programmes (II as % of Ib)	11.1%	10.8%	16.8%	14.4%

Table I.6

Sources and Notes:

- (a) The figures for Planned Expenditure given in Table I.6 are the unrevised allocations presented in the original Plans.
- (b) Estimated.
- (c) All Public Development Programmes (Ia) includes expenditure on General Government and Security; Economic and Social Programmes (Ib) is total public development expenditure minus expenditure on General Government and Security.
- (d) The source of these figures is Table 4.4 below.
- (e) The source of these figures is Table 6.I below.
- (f) All Land Development Programmes in Peninsular Malaysia, notably FELDA, but including also FELCRA, State land development programmes, etc.
- (g) The source of these figures is Table I.5 above.
- (h) Source: Federation of Malaysia, 1971, Table 5-I, Public Development Expenditure, 1966-1975.
- (i) Source: Federation of Malaysia, 1976, Table I2-3, Malaysia: Public Development Expenditure, 1971-1980.

The switch to land development - especially by the Federal Land Development Authority - indicated in Table I.6, is pointed up more dramatically if the Agriculture and Rural Development sector is considered alone. Table 1.7 shows the importance of land development within Agriculture and Rural Development under the First Malaysia Plan (1966 - 1970) and the Second Malaysia Plan (1971 - 1975) - again, pre-1969 and post-1969 - and Table I.8 reveals the position of the Federal Land Development Authority within the same sector. The salient features of Table I.7 and Table I.8 are discussed below.

Table I.7 presents first the actual expenditures on Agriculture and Rural Development of the First Malaysia Plan (1966 - 1970). It may be seen from the Table that Land Development attracted M\$309.7 millions, or 34.0% of the total M\$911.2 millions expended on Agriculture and Rural Development. The Drainage and Irrigation category attracted slightly more spending (36.1% of the total). Thus - on the basis of the expenditures of the First Malaysia Plan (1966 - 1970) - in the immediate pre-1969 years Land Development was accorded second priority to Drainage and Irrigation, and each of these categories attracted slightly more than one-third of total public expenditure on Agriculture and Rural Development.

Table I.7 next reveals the contrasting position of these two categories under the Second Malaysia Plan (1971 - 1975) : in the years immediately following 1969, Land Development was unequivocally raised to pre-eminence among rural sector programmes. Table I.7 shows that Land Development was accorded 50.6% of the Agriculture and Rural Development allocation, with Drainage and Irrigation not

TABLE 1.7
Peninsular Malaysia
IMPORTANCE OF LAND DEVELOPMENT WITHIN PUBLIC DEVELOPMENT PROGRAMMES,
FIRST MALAYSIA PLAN (1966-1970) AND SECOND MALAYSIA PLAN (1971-1975)

SUB-SECTOR	FIRST MALAYSIA PLAN (1966-1970) ACTUAL EXPENDITURE (a)		SECOND MALAYSIA PLAN (1971-1975)				SECOND MALAYSIA PLAN (1971-75) ACTUAL EXPENDITURE as % of First Malaysia Plan (1966-70) Actual Expenditure
	M\$ Millions	%	ORIGINAL ALLOCATION		ACTUAL EXPENDITURE (b)		
			M\$ Millions	%	M\$ Millions	%	
Land Development (c)	309.7	34.0	795.14	50.6	992.31	56.8	320.4%
Drainage and Irrigation	328.5	36.1	228.17	14.5	240.07	13.7	73.1%
Rubber Replanting	116.3	12.8	210.40	13.4	116.28	6.7	100.0%
Agriculture (d)	61.0	6.7	108.70	6.9	115.77	6.6	189.8%
Agricultural Credit and Marketing (e)	13.8	1.5	97.25	6.2	104.83	6.0	759.6%
Animal Husbandry	13.9	1.5	37.01	2.4	59.27	3.4	426.4%
Forestry	11.9	1.3	8.67	0.6	21.09	1.2	177.2%
Agricultural Research (f)	8.8	1.0	34.03	2.2	28.60	1.6	325.0%
Fisheries	5.3	0.6	29.79	2.5	24.04	1.4	453.6%
Others	42.0	4.6	11.70	0.7	44.76	2.6	106.6%
Agriculture and Rural Development Total	911.2	100.0	1,570.86	100.0	1,747.02	100.0	191.7%

Table I.7

Sources and Notes:

- (a),(b) Estimated.
- (c) All land development programmes in Peninsular Malaysia, notably FELDA, but including also FELCRA, State land development programmes, etc.
- (d) Includes expenditure on crop protection services, crop production services, soil and agricultural services, agricultural extension, agricultural education, coconut replanting and rehabilitation, pineapple replanting, farm crop subsidies, and construction of agricultural buildings.
- (e) Includes expenditure on Bank Pertanian (Agricultural Bank), Federal Agricultural Marketing Authority (FAMA), Cooperatives, Padi Board, and Rural Credit.
- (f) Includes Malaysian Agricultural Research and Development Institute (MARDI) and Division of Food Technology.

Sources: First Malaysia Plan (1966-1970) expenditures and Second Malaysia Plan (1971-1975) original allocations are derived from Federation of Malaysia, 1971, Table 9-4, Public Development Expenditure for Agricultural Development, (1966-1975); Second Malaysia Plan (1971-1975) actual expenditures are derived from Federation of Malaysia, 1976, Table I2-3, Malaysia: Public Development Expenditure, 1971-1980.

only being relegated to second place, but slumping to a mere 14.5% of the total allocation of M\$1,570.86 millions. The switch to Land Development is revealed more emphatically if actual expenditures under the Second Malaysia Plan (1971 - 1975) are considered : Land Development received over half (56.8%), with Drainage and Irrigation a well-beaten runner-up with only 13.7%. Indeed, if actual expenditures are compared, actual expenditure on Land Development under the Second Malaysia Plan (1971 - 1975) was 320.4% of the First Malaysia Plan (1966 - 1970) figure (M\$992.31 millions, confer M\$309.7 millions), whereas the equivalent statistic for Drainage and Irrigation was 73.1% (M\$240.07 millions, as compared with M\$328.5 millions).

Table I.8 shows the importance of the Federal Land Development Authority within Agriculture and Rural Development under the First Malaysia Plan (1966 - 1970) and under the Second Malaysia Plan (1971 - 1975). The increased emphasis placed upon the Authority after 1969 may be observed readily. Under the First Malaysia Plan (1966 - 1970) FELDA was allocated 27.3% of the total expenditure on Agriculture and Rural Development, M\$248.4 millions from a total of M\$911.2 millions. Under the Second Malaysia Plan (1971 - 1975), the original allocation to FELDA was raised to 37.1% of the total allocation to Agriculture and Rural Development (M\$1,570.86 millions), and actual expenditure was 36.9% of the total actual expenditure (M\$1,747.02 millions).

Table I.8 reveals also that land development by agencies other than FELDA was also given much greater emphasis after 1969. Actual expenditure on Other Land Development under the Second Malaysia Plan (1971 - 1975) was 566.3% of the equivalent expenditure under the

TABLE 1.8

Peninsular Malaysia

IMPORTANCE OF FEDERAL LAND DEVELOPMENT AUTHORITY WITHIN AGRICULTURE AND RURAL DEVELOPMENT, FIRST MALAYSIA PLAN (1966-1970) AND SECOND MALAYSIA PLAN (1971-1975)

SUB-SECTOR	FIRST MALAYSIA PLAN (1966-1970) ACTUAL EXPENDITURE (a)		SECOND MALAYSIA PLAN (1971-1975)				SECOND MALAYSIA PLAN (1971-1975) ACTUAL EXPENDITURE AS % OF FIRST MALAYSIA PLAN (1966-1970) ACTUAL EXPENDITURE
			ORIGINAL ALLOCATION		ACTUAL EXPENDITURE (b)		
	M\$ Millions	%	M\$ Millions	%	M\$ Millions	%	
Federal Land Development Authority	248.4	27.3	582.42	37.1	645.14*	36.9	259.7%
Other Land Development (c)	61.3	6.7	212.72	13.5	347.17	19.9	566.3%
Drainage and Irrigation	328.5	36.1	228.17	14.5	240.07	13.7	73.1%
Rubber Replanting	116.3	12.8	210.40	13.4	116.28	6.7	100.0%
Agriculture (d)	61.0	6.7	108.70	6.9	115.77	6.6	189.8%
Agricultural Credit and Marketing (e)	13.8	1.5	97.25	6.2	104.83	6.0	759.6%
Animal Husbandry	13.9	1.5	37.01	2.4	59.27	3.4	426.4%
Forestry	11.9	1.3	3.67	0.6	21.09	1.2	177.2%
Agricultural Research (f)	8.8	1.0	34.03	2.2	28.60	1.6	325.0%
Fisheries	5.3	0.6	39.79	2.5	24.04	1.4	453.6%
Others	42.0	4.6	11.70	0.7	44.76	2.6	106.6%
Agricultural and Rural Development Total	911.2	100.0	1,570.86	100.0	1,747.02	100.0	191.7%

Table I.8

Sources and Notes:

(a),(b) Estimated.

(c) Federal Land Rehabilitation and Consolidation Authority (FELCRA), State land development programmes, etc.

(d) Includes expenditure on crop protection services, crop production services, soil and agricultural services, agricultural extension, agricultural education, coconut replanting and rehabilitation, pineapple replanting, farm crop subsidies, and construction of agricultural buildings.

(e) Includes expenditure on Bank Pertanian (Agricultural Bank), Federal Agricultural Marketing Authority (FAMA), Cooperatives, Padi Board, and Rural Credit.

(f) Includes Malaysian Agricultural Research and Development Institute (MARDI) and Division of Food Technology.

Sources: First Malaysia Plan (1966-1970) expenditures and Second Malaysia Plan (1971-1975) original allocations are derived from Federation of Malaysia, 1971, Table 9-4, Public Development Expenditure for Agricultural Development, (1966-1975); Second Malaysia Plan (1971-1975) actual expenditures are derived from Federation of Malaysia, 1976, Table I2-3, Malaysia: Public Development Expenditure, 1971-1980, with the exception of the figure for the Federal Land Development Authority (marked*), which was obtained from Federation of Malaysia, 1976, Table I6-3, Malaysia: Public Development Expenditure for Agricultural Programmes, 1971-1980.

First Malaysia Plan (1966 - 1970) (M\$347.17 millions, compared with M\$61.3 millions). Even so, Second Malaysia Plan (1971 - 1975) actual expenditure on Other Land Development (M\$347.17 millions) was only 35.0% of the total actual expenditure on Land Development (M\$992.31 millions, see Table I.7), with FELDA alone accounting for 65.0% (M\$645.14 millions, out of M\$992.31 millions).

To summarize, Table I.6 shows that in the Second Malaysia Plan (1971 - 1975) period Land Development attracted something between one-seventh (14.4%) and one-sixth (16.8%) of public expenditure on economic and social development, compared with something between one-tenth (10.8%) and one-ninth (11.1%) of equivalent expenditure during the First Malaysia Plan (1966 - 1970). More significantly, Table I.7 and Table I.8 reveal that in the Agriculture and Rural Development sector - the sector which would have greatest impact and impression upon the lives and minds of the Malay population - land development by the Federal Land Development Authority was raised dramatically to premier status. Table I.7 shows that Land Development as an approach became highly favoured compared with other approaches to development in rural areas (for example, compared with Drainage and Irrigation and with Rubber Replanting), and Table I.8 shows that - within the priority accorded to Land Development - FELDA was vested by the government with by far the greatest responsibility.

Whatever criterion is chosen, the Federal Land Development Authority stands out as the most important single development agency

in Peninsular Malaysia today. Moreover, it is evident that the government of Peninsular Malaysia has made FELDA by far the most vital element of its approach to development in the Malay-dominated rural areas. Thus, the Authority has been burdened with a responsibility greater than that borne by any other agency for achieving Peninsular Malaysia's national socio-economic objectives, particularly for implementing the two prongs of the New Economic Policy - redressal of poverty and restructuring of society - in the Malay-dominated rural areas where success is a prerequisite for the creation of national unity. The great importance of FELDA in Peninsular Malaysia's national socio-economic development Plans - especially the onus placed upon FELDA for the success of the New Economic Policy in the rural areas - require that the Federal Land Development Authority's ability to contribute to the New Development Strategy be assessed.

1.3 AN ASSESSMENT OF THE ROLE OF THE FEDERAL LAND DEVELOPMENT AUTHORITY IN ATTAINING THE OBJECTIVES OF THE NEW DEVELOPMENT STRATEGY

The foregoing has underlined the importance of the Federal Land Development Authority within the framework of national socio-economic planning in Peninsular Malaysia. The remainder of this Chapter will indicate how the assessment will be undertaken. However, first the urgency for this assessment will be emphasised.

In a developing country, it is imperative that any organization or agency charged with much responsibility for attaining national objectives be evaluated regularly.⁽²⁷⁾ This evaluation should not be restricted merely to the agency's efficacy in carrying out its allotted programme, but should scrutinise also the role of that

agency in achieving national goals. This is so particularly in a country such as Peninsular Malaysia, where national goals have been stated very explicitly, but where doubt has been cast on the ability of national socio-economic development programmes to attain national objectives.⁽²⁸⁾

In the particular case of land development in Peninsular Malaysia, Bahrin has pointed out that there have been few evaluation studies relative to feasibility studies. Bahrin has opined that "the time has probably come when researchers could focus their attention on the subject of land settlements more seriously than ever before" (Bahrin, 1972, p.24). Peninsular Malaysia's Fringe Alienation Programme of the 1960s was "generally unsuccessful" (Economic Planning Unit, 1969, p.19), and Bahrin cites the failure of this programme as a "classic example" of lack of research into the effectiveness and impact of a programme (Bahrin, 1973).⁽²⁹⁾

With reference to the Federal Land Development Authority, Wikkramatileke has noted that cynics might well consider FELDA to be "another aberration of a group of planners formulating plans to end all plans" (Wikkramatileke, 1972a, p.77), and the present Director-General of FELDA has pointed out that it is just as necessary to appreciate the Authority's limitations as it is to appreciate its achievements (Alias, 1978, p.21).

Consequently, there is little doubt that an assessment of the role of Peninsular Malaysia's most important single socio-economic development agency is overdue. Such an evaluation may not be welcomed by all, but it is imperative nonetheless⁽³⁰⁾.

1.3a Aims of Thesis and Methodology

This study assesses the ability of the Federal Land Development Authority to face up to the government's requirement that land development by the Authority be a major plank of the New Development Strategy. The New Development Strategy was first stated explicitly in the Second Malaysia Plan, which "represents a new strategy in which national priorities are re-ordered and efforts intensified to deal with the economic and social problems confronting the country" (Federation of Malaysia, 1971, p.2). The New Development Strategy was reiterated and emphasised in the Third Malaysia Plan. These two Plans together embody a new approach to national socio-economic development planning in Peninsular Malaysia, which since about 1970 has been guided by the New Development Strategy aimed at the creation of national unity, "the over-riding objective of the country" (Federation of Malaysia, 1971, p.1).

The New Development Strategy comprises two components, the Rukun Negara and the New Economic Policy. Rukun Negara, the National Ideology, aims to establish a set of long-term national values, beliefs and traditions peculiarly Malaysian. The object is to change perceptions among Malays, Chinese and Indians, so that their main loyalty will be to country, not community. The New Economic Policy is a more prosaic social and economic policy designed to bring about short-term objectives. The main short-term objectives are the eradication of poverty and the restructuring of the socio-economic system, so as to correct the major imbalances which prevent the growth of national unity between Peninsular Malaysia's communities.

The aim of the thesis may be stated thus : to assess the ability of the Federal Land Development Authority to meet the responsibility placed upon it by the Malaysian government in the aftermath of the 1969 crisis, that is to assess the extent to which land development by FELDA is a satisfactory method for eradicating poverty and for restructuring society (the two prongs of the New Economic Policy) in the Malay-dominated rural areas.

The May, 1969 race-riots in Kuala Lumpur were a watershed in the history of national socio-economic development planning in Peninsular Malaysia. They marked the time when Peninsular Malaysia's national Plans became directed unequivocally at the forging of national unity. In 1970, neither development Plans nor the quest for national unity were novel in Peninsular Malaysia : national socio-economic development planning for independent Peninsular Malaysia had started in 1956 with the First Malaya Plan, and the desire for national unity had been expressed at independence in 1957. However, the events of May 1969 pointed up the failure of pre-1969 national socio-economic development Plans to create a united nation in Peninsular Malaysia.

The failure of the First Malaya Plan, the Second Malaya Plan, and the First Malaysia Plan to forge national unity hold the key to the methodology of this study. Scrutiny of the course and nature of these Plans should allow identification of their main features, and of the reasons why they failed to create national unity prior to 1969. Armed with this knowledge, it should be possible to evaluate fully the Second Malaysia Plan and the Third Malaysia Plan, and to assess

the suitability of land development by FELDA as a means of fulfilling the New Economic Policy embodied within them, for as Ness has pointed out:

" public or stated goals are often different from actual or operative goals. The former can be identified in public policy statements, the latter in allocations of personnel and financial resources"

(Ness, 1967a, p.88)

In Peninsular Malaysia today the "public or stated goals" are those of nation-building. The present "actual or operative goals" will be identified by the allocations of personnel and financial resources in the Second Malaysia Plan and the Third Malaysia Plan. Clearly, if the "public or stated goals" and the "actual or operative goals" of today show congruity, then national planning under the New Development Strategy should achieve the objective of national unity. However, if congruity is absent, then the opposite will occur. Given the importance of FELDA, it is imperative to assess whether land development by the Authority accords well with the "public or stated goals" of the post-1969 period, namely those of poverty eradication, restructuring of society, and national unity.

The methodology of this study will be as follows: Chapter 2 will describe land development in Peninsular Malaysia, focussing on the history and present status of the Federal Land Development Authority. The main purpose of Chapter 2 is to familiarise the reader with the nature and activities of FELDA.

Chapter 3 will describe the social and economic development of British Malaya, showing how the making of British Malaya was attended by the creation of gross socio-economic imbalances between Malay and non-Malay. The description of British Malaya will detail the socio-

economic imbalances present on the eve of independence. Background information concerning the colonial period is imperative if the problems of modern Peninsular Malaysia are to be appreciated fully, for the fundamental imbalance inherent in Peninsular Malaysia's socio-economic system derives from this period of its history.

Chapter 4 will describe the national Plans implemented in Peninsular Malaysia prior to May, 1969. It was noted above that planning pre-1969 failed to create national unity. Chapter 4 will discover the main features of the pre-1969 Plans, and will suggest the reasons why these Plans did not forge the looked-for national unity of independent Peninsular Malaysia.

Chapter 5 will describe the events of May, 1969. The 1969 race-riots were the major turning-point in Peninsular Malaysia's national development planning, for they gave rise to the New Development Strategy. Also, Chapter 5 will underline the peculiar relationship between politics and national development planning in Peninsular Malaysia. An appreciation of the fine political/socio-economic imbalance in Peninsular Malaysia is vital to an assessment of the role of FELDA.

Chapter 6 will deal with the consequences which the May, 1969 race-riots had upon national development planning post-1969. Chapter 6 will detail the New Development Strategy, Rukun Negara, and the New Economic Policy, and will reveal the main features of the Second Malaysia Plan and the Third Malaysia Plan so that they might be compared with the pre-1969 Plans.

Chapter 7 will assess FELDA's contribution to attaining the

objectives of the New Economic Policy. The immediate short-term objectives of the New Economic Policy are very much the core of the New Development Strategy - in practical terms the two are synonymous - and concentration upon the New Economic Policy is justified for that reason.

Chapter 8 is the concluding Chapter. National socio-economic development planning in Peninsular Malaysia is an exceedingly complex web, and Chapter 8 will attempt to bring together the main threads contained in the body of the thesis. Chapter 8 will present the main findings in respect of the Federal Land Development Authority's ability to contribute to the attainment of national unity in Peninsular Malaysia.

The approach which this study adopts is qualitative. The qualitative approach in Geography may be defined as "relating to an object or feature in terms which cannot be expressed quantitatively, but has to be described in subjective terms" (Monkhouse, 1970, p.283). The subject matter of this thesis - national socio-economic development planning, national unity and land development - does not lend itself to quantification and statistical tests, and statistical data presented are employed solely to support the subjective opinions expressed in the text.

1.3b Limits and Terminology of Thesis

The limits within which this study is confined are spatial and temporal. The spatial limits refer to the physical area being considered, the temporal limits to the time-frame which encompasses the events under consideration.

The study limits itself spatially to Peninsular Malaysia. It was suggested above that the physical divide between Peninsular Malaysia and East Malaysia, coupled with historical separateness and present differences in human geography, make legitimate a concentration upon the peninsular component of the Federation. A more fundamental reason for concentrating upon Peninsular Malaysia is that the activities of the Federal Land Development Authority are limited to that territory: land development in East Malaysia is undertaken by local land development agencies. Thus, the only territory considered here is Peninsular Malaysia.⁽³¹⁾

The time-frame of the study is dictated by the fact that planned socio-economic development and land development are post-Second World War phenomena in Peninsular Malaysia. The lower temporal limit is 1950, in which year the Draft Development Plan heralded the start of planned socio-economic development in Peninsular Malaysia. The upper temporal limit is 1990, the year by which it is intended the objectives of the New Economic Policy are to be achieved. Within these overall temporal limits the study will focus upon the period 1956/1957 to 1980. Concentration upon this period is justified by the nature of the study, which concerns the role of the Federal Land Development Authority in creating national unity in independent Peninsular Malaysia. FELDA was created in 1956, and Peninsular Malaysia achieved independence in 1957. The Third Malaysia Plan period terminated at the end of 1980. The theoretical events of the period 1981 - 1990 cannot be scrutinised yet, although suggestions will be made as to the possible role of the Federal Land Development Authority during this period.

The complicated political events which have affected the former British territories of Southeast Asia since the Second World War have made for a confusing multiplicity of terms. Peninsular Malaysia has been known by different names during its history, and the terminology used in this thesis requires clarification. The study will employ the terms British Malaya, Federation of Malaya, and West Malaysia as synonyms for Peninsular Malaysia. The term British Malaya will refer to Peninsular Malaysia prior to independence (thus it refers to the Federation of Malaya between its formation in 1948 and Merdeka in 1957). The term Federation of Malaya will be used to describe Peninsular Malaysia in the six years between independence and the creation of the larger Federation of Malaysia in 1963. The term Peninsular Malaysia is preferred for the post-1963 period, although the term West Malaysia - where used - will be employed synonymously with Peninsular Malaysia.

The adjectives derived from these expressions require clarification also. However, confusion arises only after the creation of the Federation of Malaysia. The adjective 'Malayan' will suffice to describe Peninsular Malaysian affairs prior to 1963, and will be used equally for events in pre-independence British Malaya and in the post-independence Federation of Malaya prior to 1963. In order to prevent confusion arising from the use of the expression 'Malaysian', the term 'Peninsular Malaysian' will be used when referring to the post-1963 period. In this study, the term 'Malaysian' will be used to refer to the complete Federation of Malaysia.⁽³²⁾

FOOTNOTES TO CHAPTER 1

1. See Frontispiece for the location of these states.

2. The sub-division of the countries of Southeast Asia used here is the same as that indicated by Fisher (see Fisher, C. A., South-east Asia, pp.221 - 339 in East, W. G., Spate, O. H. K., and Fisher, C. A., eds., 1971, 5th edn., The Changing Map of Asia, (Methuen, London)). However, sub-division of the countries of Southeast Asia is fraught with difficulty, and varies according to which physical (e.g. geological, climatic) or human (e.g. ethnic, economic, political) criteria are chosen as the basis for sub-division. Thus Fryer states that "examination of most economic criteria strongly suggests a division of Southeast Asia into two major economic units, Malaysia and Singapore, Thailand and the Philippines on the one hand, Burma, Indonesia and the Indochinese states on the other. This division is also basic in the socio-political field" (Fryer, D. W., 1970, Emerging Southeast Asia - A Study in Growth and Stagnation, (George Philip, London, p.20). Fryer used this sub-division as the basis for his book (Fryer, 1970, op. cit.). For further discussion of the nature and characteristics of Southeast Asia, see Fryer, 1970, pp.20 - 30, and Myint, H., 1967, The Inward and Outward Looking Countries of Southeast Asia, pp.1 - 13 in Malayan Economic Review, Volume XII, Number 1.

3. The expression 'Southeast Asia' is in common usage today, yet in the past there was no consensus as to the region's designation and boundaries. Fisher notes that the Chinese, Japanese and Indians recognised the region as distinct (Fisher, et al, 1971, op. cit.), but - although the term 'Southeast Asia' was first used in English in 1900 - other expressions were used also, e.g. 'Further India' (Clifford, H., 1905, Further India - The Story of Exploration from the Earliest Times in Burma, Malaya, Siam and Indo-China, (Alston Rivers, London)). Fryer notes that the term 'Southeast Asia' was first used in its modern sense by the Indian historian K. M. Pannikar in 1943 (Fryer, 1970, p.2), and that by the end of the Second World War the name was well established. See Fisher, et al, 1971, op. cit., and Fryer, 1970 Chapter 1, especially pp.1 - 2.

4. 'India' is used here to refer to the Indian sub-continent rather than to the Republic of India, 'China' is used as synonymous with the area occupied by the People's Republic of China.

5. It cannot be denied that both India and China also exhibit great human diversity, especially with regard to factors such as language, dress and custom. Even so, India and China are relatively homogenous in respect of human geography when contrasted with the great diversities found within Southeast Asia.

(Continued)

5. (Continued)

The contrasts between the human geography of Southeast Asia and that of Australia are obvious to even the casual observer.

6. Only Thailand has never experienced direct European political control. Fryer states that "Thailand is unique in Southeast Asia in never having experienced colonial rule" (Fryer, 1970, p.22), although even in Thailand European - especially British - influence was important. Other influences have been British (Burma, Malaysia, Singapore, Brunei), French (Laos, Vietnam, Cambodia), Dutch (Indonesia), and American (the Philippines), although Spanish influence is evident in the Philippines, and Portuguese influence lingered in the island of Timor until the end of 1975, when Indonesian forces seized the Portuguese half of the island. For a brief account of the Indonesian seizure of Portuguese Timor see Fryer, D. W., and Jackson, J. C., 1977, Indonesia, (Ernest Benn, London), pp.254 - 255.
7. The reader is referred to Figure 1.1 during this Section.
8. Ooi Jin Bee's Peninsular Malaysia (1976) is an accurate and readable account of the physical and human geography of the study area (see Bibliography). Peninsular Malaysia used to be known as West Malaysia.
9. Peninsular Malaysia is a small country, with an area of 50,600 square miles. The reader might find it useful to compare the areal extent of Peninsular Malaysia with that of England (50,334 square miles) and of New York State (49,576 square miles).
10. The highest peak in Peninsular Malaysia is Gunong Tahan (Mount Tahan), which reaches 7,186 feet above sea level.
11. Literally the Original People. The reader is referred to the Glossary, which contains all the acronyms, abbreviations and Malay words contained in the thesis.
12. The Japanese invaded Peninsular Malaysia during the night of 7th/8th December, 1941, with a landing at Kota Bharu (Kelantan), and associated landings at Singora and Patani (in southern Thailand). The subsequent capture of the peninsula - culminating in the loss of Singapore - is detailed in Kirby, S. W., 1957, The War Against Japan - Volume I: The Loss of Singapore, (HMSO, London), especially Chapters XI, XII, XIV, XVII, XIX, XX, XXII, XXIII, and XXIV.
13. Rudner notes that at independence "the prevailing attitude was one of promise for the future and confidence in existing institutions" (Rudner, 1975a, p.14). This mood of optimism was reflected in the words of the first Prime Minister - Tunku Abdul Rahman - when he gave his independence address: "With freedom there is much to do for us all. Freedom must bring with it opportunities for all - to the needy, new hope; to the sick and afflicted, relief; to those distressed and in want, help. We shall build our social, economic and educational structures so that the new nation will rear its head sturdy and proud and the

(Continued)

13. (Continued)

people happy and contented" (Federation of Malaysia, 1967, The Challenging Decade, (Department of Information, Kuala Lumpur), p.2).

14. So successful was Peninsular Malaysia in terms of rapid economic growth and apparent maintenance of inter-communal stability that observers were moved to cite that country as a model of successful development in a plural society. Thus Ness declared "a bias for Malaysia because it has achieved success in public investment and in its accommodation of ethnic interests" (Ness, 1967a, p.ix), and Fryer stated that "Malaysia demonstrates a high degree of harmony and even equality in the everyday relations of its many peoples" (Fryer, 1970, p.24). (In fairness, Fryer noted also that "Malaysia's communal problems could threaten total disaster" (Fryer, 1970, p.30).

15. The speedy post-Second World War rehabilitation of Peninsular Malaysia occurred despite the great disruption which the economy had suffered due to British 'scorched-earth' tactics and Japanese military mal-administration: "The subsequent rapid restoration and recovery of the economy were a striking achievement and a tribute to the energy, efficiency and cooperative effort of private enterprise, labour and, initially, the British Military Administration, later, the reconstituted civil governments of the two territories.* By 1947 and 1948 the foundations of the economy had in large measure been restored" (International Bank for Reconstruction and Development, 1955, p.19). Similarly, a government publication stated: "Now, at the end of four years, Malaya can boast a truly remarkable economic recovery. The volume of international trade has been restored to the level of the busiest pre-War years, rubber and rice production in 1948 broke all previous records and tin production is steadily rising to its pre-War level" (Reference Division, 1950, An Economic Review of Malaya, 1945 - 1949, (Central Office of Information, London), p.5).

*(Author's note: Peninsular Malaysia (then British Malaya), and Singapore).

16. The International Encyclopaedia of the Social Sciences says that 'nation' is "either synonymous with a state or its inhabitants, or else it denotes a human group bound together by common solidarity - a group whose members place loyalty to the group as a whole over any conflicting loyalties" (Sills, D. L., ed., 1968, International Encyclopaedia of the Social Sciences, Volume II, (MacMillan and The Free Press), p.7).

This author believes that the latter definition is much the more pertinent in the context of Peninsular Malaysia. The main problem facing the government is that the diverse peoples who occupy the country are not yet truly integrated, and in order to build national unity in Peninsular Malaysia the government must forge a common - that is, Peninsular Malaysian - group solidarity which invests the several communities with the loyalty vital to the creation of national unity.

17. As a consequence there was often lack of overt friction between the races occupying a country. However, the European presence prevented not only friction but also the integration which might have led to genuine national unity. Enloe has noted the popular mis-conception that Peninsular Malaysia prior to the Japanese invasion was "remarkably serene" (Enloe, 1970, p.42), and has also indicated the myth that apparent serenity of this kind presages true nationhood: "The very reason for that pre-War serenity was the un-integrated character of Malaysian society. Total absence of conflict in such a distinctively heterogeneous society is, therefore, usually a sign of separateness and low integration, not of unity and mutual trust" (Enloe, 1970, p.42).

18. Ariff uses the term "lopsided economic development" to describe the "haphazard nature of the development process under the colonial rule" (Ariff, 1973, p.372).

19. With regard to the study region, McGee has observed that "economically undeveloped Southeast Asia has great regional contrasts within countries in terms of economic development, and these present difficulties to integration at the economic and political levels" (McGee, 1960, p.52).

20. McGee is here quoting two other authors. The expression "cellular society" was used by E. H. G. Dobby (Dobby, E. H. G., 1950, Southeast Asia, (University of London Press, London)), and the quotation is from F. G. Carnell (Carnell, F. G., 1958, Ethnic and Cultural Pluralism in Burma, Thailand and Malaya, in Ethnic and Cultural Pluralism in Intertropical Communities (Report of the 30th Meeting, International Institute of Differing Civilizations held in Lisbon, 1957), Brussels).

21. Collins' Dictionary of the English Language defines "pluralism" as a sociological "theory of society as several autonomous but interdependent groups having equal power" (Hanks, P., ed., 1979, Dictionary of the English Language, (Collins, London)), and as Enloe has noted, "political integration in a multi-ethnic society is particularly difficult for the very reason that ethnic divisions usually overlap with and compound the more common lines of political and social separation" (Enloe, 1970, p.1).

22. Ness considers "racial antagonism" to be the "most divisive of all forces in modern Malaya" (Ness, 1967a, p.99), and the danger inherent in Peninsular Malaysia's peculiar mix of socio-economic and racial imbalances has been summarized neatly by Hoerr: "The coincidence of economic imbalances by location and by race does not simply complicate the regional problems which Malaysia shares with virtually every nation in the world: it adds a whole new dimension" (Hoerr, O. D., 1973, Education, Income and Equity in Malaysia, pp.247 - 273 in Economic Development and Cultural Change, Volume 21, Number 2).

23. Wang Gungwu states that "the fundamental source of frustration and potential conflict still lies today in the economic gap between the Chinese and the indigenous peoples" (Wang Gungwu, 1974, Chinese Minorities in Southeast Asia, pp.13 - 24 in Negara, Volume I, Number 1. The quotation is from p.21).

24. "The lesson of the recent disturbances is clear. This Nation cannot afford to perpetuate a system that permits anybody to say or do things which would set one race against another. If the events of May 13 are not to occur again, if this Nation is to survive, we must make sure that subjects which are likely to engender racial tensions are not exploited by irresponsible opportunists. We can only guarantee this by placing such subjects beyond the reach of race demagogues, the Communists and other subversives. We need, therefore, to construct a political framework which is realistic and takes full account of the social and economic conditions of our people and which is based on an unshakable and sound foundation" (National Operations Council, 1969, p.v.).

25. The importance of land development is underlined by Lim Sow Ching in his study of the relative merits of different land development approaches in Peninsular Malaysia: "land development by the public sector is one of the major means of raising rural standards of living and of narrowing the economic imbalance between the races in Malaysia" (Lim Sow Ching, 1976, p.vii).

26. As revealed in Table 1.5, the allocations to FELDA were M\$582.42 millions under the Second Malaysia Plan (1971 - 1975) and M\$985.02 millions under the Third Malaysia Plan (1976 - 1980). The Second Malaysia Plan reveals that the next highest sums allocated to specific, named agencies during 1971 - 1975 were sums of M\$100.00 million allocated to the National Corporation (PERNAS), the Urban Development Authority (UDA), and the Malaysian Industrial Development Finance corporation (MIDF) (Federation of Malaysia, 1971, Table 5-1). The Third Malaysia Plan reveals that during 1976 - 1980 the next highest allocations to specific, named agencies were sums of M\$515.00 million to Majlis Amanah Rakyat (MARA) for commerce, industry, education and training, M\$200.00 to the Urban Development Authority (UDA), and a contribution of M\$200.00 to the Bumiputra Investment Fund (Federation of Malaysia, 1976, Table 12-3).

27. Of course, such evaluation should be imperative in any country, regardless of the state of development. However, the need for evaluation is particularly acute in developing countries, for - with comparatively few resources with which to solve their many problems - there is much less room for wasteful expenditure.

28. For example, the Far Eastern Economic Review - a respected and authoritative source of information on Southeast Asian affairs - observed recently that "there are signs that details of the New Economic Policy (NEP) - the cornerstone of contemporary Malaysian policy - may be in need of adjustment" (Far Eastern Economic Review, 1978, Volume 99, Number 2, January 13, p.42).

29. Bahrin defines a fringe alienation scheme as "a land development scheme located close to an area of established agricultural settlement intended to supplement the land resources of existing farmers" (Bahrin, 1969, p.75).
30. With regard to evaluations of socio-economic development, Dunham points out that "completely objective appraisals would in some cases, no doubt, tell 'too much truth' and would jar political nerves or tread on delicate national toes" (Dunham, A., 1970, Community Development - Whither Bound?, pp.85 - 93 in Community Development Journal, Volume 5, Number 1. The quotation is from p.87).
31. Singapore has had a very close association with Peninsular Malaysia for many decades. This association has been both economic and political, and the preclusion of Singapore from this discussion warrants further explanation. There are several reasons for excluding Singapore from this study. First, previous economic and political association notwithstanding, Peninsular Malaysia and Singapore are discrete political units today. The separation of Singapore from the Federation of Malaysia in 1965 was not amicable, and since that date the two countries have gone their separate ways. Furthermore, a return of Singapore to the Federation's fold is unlikely as long as the reason underlying Singapore's expulsion - the large Singapore Chinese population - persists. Second, land development by the Federal Land Development Authority is not undertaken in Singapore. Third, even when the two states were linked, data were collected for each discrete unit. Thus it is possible to find data referring to Peninsular Malaysia only, and the study is not hampered by the necessity to 'clean' data so as to remove the figures for Singapore. For these and other reasons it has been felt both practicable and legitimate to preclude Singapore from the discussion, except for certain historical references in Chapter 3.
32. These remarks refer only to the terminology employed by the present author. Other authors have not necessarily been as discriminating, especially in their usage of 'Malaysia' and 'Malaysian'. Frequently these terms are used as synonyms for 'Peninsular Malaysia' and 'Peninsular Malaysian', and are not necessarily to be taken as referring to the complete Federation of Malaysia (that is, Peninsular Malaysia and East Malaysia together). However, where 'Malaysia' and 'Malaysian' are employed in quotations contained in this thesis, they may be taken as referring to Peninsular Malaysia only (unless otherwise indicated).

CHAPTER 2

Land Development in Peninsular Malaysia -
The Federal Land Development Authority

2.1 INTRODUCTION⁽³³⁾

In 1956, the government of Peninsular Malaysia started to implement land development as part of its national planning policy, and from comparatively humble beginnings land development has risen to a position of priority in Peninsular Malaysia's development planning. Today, the principal exponent of the land development approach is the Federal Land Development Authority, known familiarly by the acronym FELDA.⁽³⁴⁾

It is the aim of Chapter 2 to give an account of land development in Peninsular Malaysia, concentrating upon the growth and development of the Federal Land Development Authority. Chapter 2 will describe first the land development scene in Peninsular Malaysia today; the growth, development and present nature of the Federal Land Development Authority will then be detailed.

2.2 LAND DEVELOPMENT IN PENINSULAR MALAYSIA

2.2a Definition of Land Development

Any attempt to alienate land or to modify land use might be termed 'land development'. The construction of drainage and irrigation schemes, the implementation of double-cropping techniques,

the introduction of new crops or of new strains of traditional crops, agricultural mechanisation, farm consolidation, and the extension of agricultural marketing and credit institutions would all fall within such a general definition. However, in the case of Peninsular Malaysia such a general interpretation of 'land development' is far too broad.

In Peninsular Malaysia 'land development' has a specific connotation. In the Peninsular Malaysian context, 'land development' is the opening-up of undeveloped land to the cultivation of commercial crops, with or without concomitant relocation of population on planned settlement schemes integrated with the agricultural development.⁽³⁵⁾ This definition is wide enough to include all types of land development practised in Peninsular Malaysia, yet narrow enough to exclude activities such as those noted in the previous paragraph. The definition itself requires modification when applied to particular land development programmes.

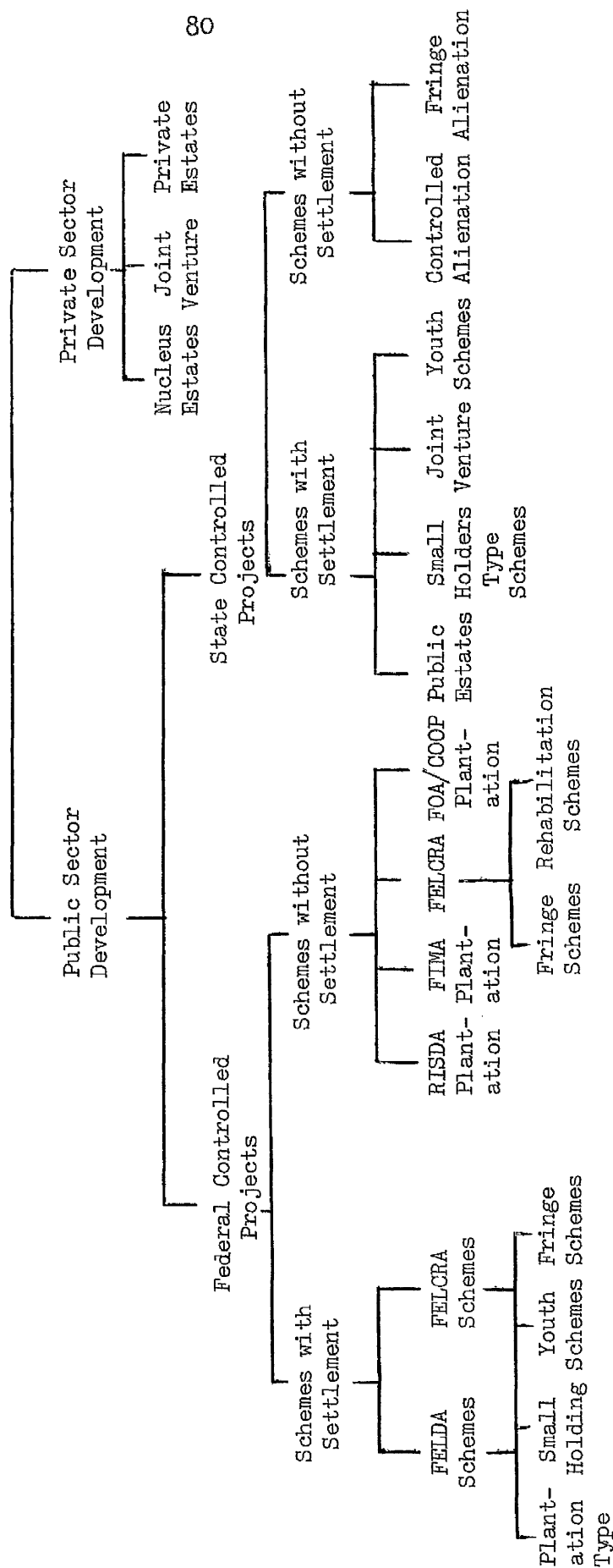
2.2b Land Development Strategies in Peninsular Malaysia

In Peninsular Malaysia, land development - as opposed to irrigation and drainage schemes - is a post-independence phenomenon (Bahrin, 1971, p.23). Peninsular Malaysian land development stems from The Report of the Special Working Party set up to assess the feasibility of land development in the Federation of Malaya.⁽³⁶⁾ The most important recommendation of the Working Party was the establishment of the Federal Land Development Authority. However, The Report paved the way also for the proliferation of land development strategies and agencies revealed in Figure 2.1.⁽³⁷⁾

FIGURE 2.1

PENINSULAR MALAYSIA

LAND DEVELOPMENT STRATEGIES, 1973



Source: Syed Hussain Wafa, 1975, Chart I,
Land Development Strategies in Malaysia, (1973)

The land development strategies depicted in Figure 2.1 fall within the definition of land development given in Section 2.2a above. All these strategies involve the utilisation of undeveloped land. However, in Peninsular Malaysia the term 'undeveloped land' can have several nuances of meaning, ranging from abandoned padi- and rubber-smallholdings in need of rehabilitation to large tracts of virgin forest which have never been utilised.⁽³⁸⁾ Different strategies are employed for dealing with different classes of undeveloped land, and each agency has its particular terms of reference. Thus, the Federal Land Rehabilitation and Consolidation Authority (FELCRA) is concerned with refurbishing abandoned agricultural land. The Federal Land Development Authority is the agency entrusted with the opening up of forested areas for new cultivation.

Figure 2.1 indicates the reality that public sector land development - either by Federal or by State agencies - is dominant, although the fact that the private sector undertakes some land development is revealed as well. Figure 2.1 shows also that land development does not necessarily involve land settlement. For example, Fringe Alienation schemes are worked by farmers who travel to them from their homes in nearby, pre-existing villages. However, other strategies do require the translocation of farming populations into new settlements. FELDA falls into this second category.

Figure 2.1 does not indicate the relative importance of different land development strategies. One indicator of relative importance is the acreage of crop-land developed by each agency.⁽³⁹⁾ Four land development programmes accounted for approximately 92% (791,400 acres) of the crop-land developed by the end of 1970 (Lim Sow Ching, 1976, p.9).⁽⁴⁰⁾

On the basis of acreage of crop-land developed, these major land development programmes in Peninsular Malaysia are:

- (i) The Federal Land Development Authority (FELDA);
- (ii) Fringe Alienation schemes. These are projects
 - financed partly by State government, partly by Federal government - set up by State governments close to existing villages so that the villagers might supplement inadequate farm incomes;
- (iii) State schemes, often similar to FELDA schemes, but less sophisticated with respect to infrastructure and management. State schemes are set up with either partial or full State assistance;
- (iv) Unsubsidised schemes, in which the State government has supplied only the land alienation fee. These schemes are funded by the settlers.

(Lim Sow Ching, 1976, p.9)

Table 2.1 shows land development implemented in Peninsular Malaysia up to December, 1970. Table 2.2 details land development under the Second Malaysia Plan and gives target acreages for the Third Malaysia Plan. The Tables underline the premier status of the Federal Land Development Authority. Table 2.1 shows that FELDA accounted for 39% of all land developed by the end of 1970. The Authority dominated the oil-palm sector especially, being responsible for 91.5% of the oil-palm acreage planted up to that date. Table 2.2 reveals that the Authority strengthened its position relative to other agencies after 1970: FELDA was responsible for some 51.6% of the acreage of land developed during the Second Malaysia Plan, and was

TABLE 2.1

Peninsular Malaysia

ACREAGE OF LAND DEVELOPED BY TYPE OF
LAND DEVELOPMENT SCHEME, DECEMBER 1970

Type of Scheme	Number of Schemes	MAIN CROP AREA					
		RUBBER		OIL-PALM		BOTH	
		'000 acres	%	'000 acres	%	'000 acres	%
FELDA	90	147.8	24.0	160.6	91.5	308.4	39.0
Fringe Alienation	398	135.3	22.0	-	-	135.3	17.1
State	70	37.0	6.0	-	-	37.0	4.7
Other Subsidised	141	66.7	10.8	14.4	8.2	81.1	10.2
Unsubsidised	391	229.0	37.2	0.6	0.3	229.6	29.0
Total	1,090	615.8	100.00	175.6	100.00	791.4	100.00

Source: adapted from Lim Sow Ching, 1976, Table 1.1, Details of Peninsular Malaysia Land Development Schemes (December 1970).

TABLE 2.2

Peninsular Malaysia

LAND DEVELOPMENT PROGRESS, 1971 - 75
AND TARGET ACREAGE, 1976 - 80

Agency/Programme	TARGET 1971 - 75		ACHIEVEMENT 1971 - 75		TARGET 1976 - 80	
	acres	%	acres	%	acres	%
FELDA	403,000	41.8	412,375	51.6	350,000	50.0
FELCRA ^(a)	100,000	10.4	58,255	7.3	50,000	7.1
RISDA ^(b)	150,000	15.6	47,251	5.9	100,000	14.3
State Programmes	87,500	9.1	151,108	18.9	100,000	14.3
Joint Venture/ Private Sector ^(c)	222,500	23.1	130,644	16.3	100,000	14.3
Total	963,000	100.0	799,633	100.0	700,000	100.0

(a) Federal Land Consolidation and Rehabilitation Authority.

(b) Rubber Industries Small-holders Development Authority.

(c) target acreage 1971 - 75 includes data for East Malaysia. Other acreages are Peninsular Malaysia only.

Source: adapted from Federation of Malaysia, 1976, Table 16-2, Malaysia: Progress in Land Development, 1971 - 75 and Target Acreage, 1976 - 80.

allocated exactly 50% of the land to be developed under the Third Malaysia Plan.

2.3 THE FEDERAL LAND DEVELOPMENT AUTHORITY

2.3a The FELDA Model

The premier status of FELDA among the land development strategies practised in Peninsular Malaysia means that in that country land development is popularly considered synonymous with the activities of the Federal Land Development Authority. In Peninsular Malaysia, the term 'land development' conjures up the vision of tracts of forest land in rural areas being brought into cultivation by FELDA estates and settlements. The Federal Land Development Authority is the senior practitioner of land development, and since its inception FELDA has built up a vast store of knowledge and experience. The Authority has spread its influence widely both in terms of the distribution of its schemes and in respect of its contribution to the economy. Thus, FELDA's impact upon Peninsular Malaysia's socio-economic system has been great in very many respects.

Figure 2.1 shows that FELDA belongs to the Federally controlled public sector, and that the Authority implements several types of scheme. FELDA Youth Schemes and FELDA Fringe Schemes form only a small proportion of the schemes implemented by the Authority. A typical FELDA operation is a large-scale development of either rubber or oil-palm smallholdings, according closely with the provisions of National Land Council Paper No. 4/1958. This Paper called for "the adoption of planned land development -

- (a) by establishing holdings of economic size, and if possible or desirable, creating complementary estates;
- (b) based on the proper use of soils and conforming to the topography;
- (c) with kampungs and villages properly furnished with social and other services as the centres;
- (d) with no scattered habitation; and
- (e) with processing and marketing facilities as part of the development."

(Bahrin and Perera, 1977, p.11)

The FELDA scheme model consists of several thousand acres of cropland - rubber or oil-palm - around a nucleated village located near the centre of the agricultural area. The actual vital statistics of a scheme - crop acreage, type of main crop, number of settlers, location of village within the crop-land, provision of physical and social infrastructure - vary according to factors such as the age of the scheme and the physical constraints influencing its development.

The earlier FELDA schemes were established in the developed West Coast States, where infrastructure was already largely available, but where suitable land was restricted in its extent. Later schemes were established in the less developed States of the East Coast, where land is plentiful but infrastructure has often to be developed from scratch. Schemes located in the West Coast States are usually smaller than those established more recently in the land-rich States of the East Coast, which States continue to occupy most of the Authority's attention.

Today, FELDA prefers a minimum scheme size of approximately 4,500 acres settled by some 400 families, giving a total scheme population of approximately 2,000 settlers and their dependants. This 'ideal' size is preferred because it provides a suitable management unit; qualifies under the Red Book system for the provision of various services (for example, mid-wife's clinic and primary school); justifies the provision of roads and piped water; and furnishes a population large enough to support a small commercial centre (Bahrin and Perera, 1977, p.27).

A typical FELDA scheme satisfies basic requirements for facilities and services. Apart from the settlers' houses, an established village has roads, piped water, shops, a primary school, a mid-wife's clinic, and a mosque. There will be also a FELDA scheme management office. Some schemes - by virtue of age, size or location - may have a police station, a secondary school, and a Community Centre. A scheme will have usually the central padang typical of a Malay kampung.⁽⁴¹⁾

The Federal Land Development Authority furnishes by no means all the physical and social infrastructure on its schemes. FELDA is responsible only for developing the crop-land, providing the village housing, and managing the settlers. Other infrastructure is the purview of the Public Works Department (roads and water supply), the Ministry of Education (schools), the Department of Town and Country Planning (planning of village development), and the Ministry of Health (Mid-wives and clinics).

2.3b History and Development of the Federal Land
Development Authority

FELDA has passed through several distinct phases of growth, each marked by changes in the Authority's powers and terms of reference. FELDA's history and development may be subdivided into three main stages coinciding with these changes:⁽⁴²⁾

(i) The Advisory Stage (1956 - 1960)

The first real attempt at development planning for Peninsular Malaysia as a whole was the Draft Development Plan. In the Draft Development Plan it was recognised that the opening-up of new land for development and settlement would probably become important in the future, although it was emphasised that such land development would require a heavy investment of capital (Federation of Malaya, 1950, p.44). A further five years were to elapse before the land development approach received close scrutiny.

The suggestion that land development merited serious consideration as a means of developing rural areas was made in 1955 by Tun Doctor Ismail bin Datuk Abdul Rahman (Bahrin and Perera, 1977, p.1). Accordingly, in August 1955 a special Working Party was commissioned to study the potential of land development in Peninsular Malaysia (Syed Hussain Wafa, 1975, p.166). The Working Party's brief was

- "(i) To assess the needs in the various States and settlements for assistance from the Federal Government in the development of new areas for land settlement, and in the light of this assessment,
- (ii) To make recommendations with special reference to financial and administrative aspects of the most

suitable organisation for providing such assistance"

(Bahrin and Perera, 1977, p.1).

The Working Party found that there was a need for planned land development in Peninsular Malaysia. A major consideration was the great back-log of land applications still to be processed as a result of disruptions caused by the Second World War and the Emergency.⁽⁴³⁾ It was realised that a Federal land development authority could assist greatly in rectifying the situation. Moreover, the Working Party discovered that the States were willing to accept Federal assistance in developing their land.

Accordingly, the Working Party recommended the establishment of a Federal land development authority, whose task would be to channel Federal funds to the State governments. The State governments would in their turn set up Local Development Boards to prosecute the development of new land (Syed Hussain Wafa, 1975, p.166). The recommendations of the Working Party were accepted in March, 1956 (FELDA, 1956, p.1), and the Federal Land Development Authority was established by the Land Development Ordinance (No. 20 of 1956). The Land Development Ordinance provided for

"the establishment of a Federal development authority and local development boards to promote and carry out projects for land development and settlement, for making funds available therefor, and for purposes connected therewith"

(Federation of Malaya, 1956, p.1).

and came into effect on July 1st, 1956. Mr. D. E. M. Fiennes was seconded from the Commonwealth Development Corporation to be the new Authority's first Chairman.⁽⁴⁴⁾

The provisions of the Land Development Ordinance were put into operation without delay, and by November 1956 eleven Land Development Boards and Corporations had been established in 8 States. At this stage the Federal Land Development Authority was not expected itself to initiate land development. The Working Party had been aware of the States' jealousy in respect of rights over State land, and the government created FELDA with the limited function of providing advice and making Federal finance available to State land development agencies (Bahrin, 1972, p.12).⁽⁴⁵⁾

The operations of the Authority did not meet with great success during the Advisory Stage. There were several reasons for this lack of success. First, there was an absence of cooperation at State level.⁽⁴⁶⁾ Second, changes of staff at State level hampered coordination between FELDA and the State authorities. Third, FELDA itself suffered from a shortage of staff. Fourth, there were numerous departments with some responsibility for land development, and consultation between these interested parties wasted much time.⁽⁴⁷⁾ Fifth, FELDA was hampered by a dearth of survey data regarding the country's soils, mineralisation, topography and land alienation. Lack of such information rendered doubly difficult the complex task of land development.

As a consequence of these problems, during the Advisory Stage the rate of alienation of new land was very slow. FELDA's first scheme was established at Ayer Lanas in Kelantan, under the control of the Kelantan Land Development Board. The Ayer Lanas scheme comprised some 4,000 acres and was financed by FELDA to the tune of M\$800,000. Ayer Lanas was started in 1957, but subsequent progress was tardy.

Between 1957 and 1960 the Authority brought 14 schemes into operation (New Straits Times, 1977, p.19).⁽⁴⁸⁾

This slow progress was exacerbated by problems encountered in the field implementation of land development. First, neither FELDA nor the State Land Development Boards had much experience of this type of operation. Second, the Authority was hampered by the quality of the first settlers. There had been no great rush of farmers wishing to avail themselves of FELDA's bounty. It appeared that many potential settlers were unwilling to commit themselves to the new Authority until it had proved itself (Alias, 1975, p.6). Also, the FELDA life was hardly a 'soft option'. Prior to 1958 the new settlers were thought of as true pioneers. They were expected to perform all the tasks of scheme development, including arduous labour such as tree-felling and field preparation. Many settlers had neither the stamina for forest clearance nor the skills required for farming.⁽⁴⁹⁾

As a result of the slow progress, in 1958 FELDA decided to employ contractors to speed the task of site-clearing, although settlers were still expected to perform jobs such as terracing, planting and house-building. At the end of 1960 these tasks also were turned over to contractors.

The Alliance government's failure to fulfil the development objectives of the First Malaya Plan (1956 - 1960) resulted in many rural Malays switching allegiance to the Pan-Malayan Islamic Party (P.-M. I. P.) at the 1959 General Election. Defeat at the polls forced the Alliance government to reappraise its development strategies, and in the light of this reappraisal FELDA's slow rate of progress was seen

as unsatisfactory. Acceleration of the land development programme became a development imperative.

In December 1960 the Ministry of Rural Development appointed a Special Committee to consider the role of the Federal Land Development Authority. The Special Committee recommended that FELDA take on the greatest responsibility for land development. Amendments to National Land Council Resolutions Number 12 and Number 13 made the Authority responsible for all major land development schemes, including those Group Settlement Schemes being developed by State governments. Finally, the Federal Parliament passed the Land (Group Settlement Areas) Act of 1960 in order to standardize regulations and procedures.

As a consequence of these measures FELDA ceased to be a mere loans and advisory body. The Authority became responsible for all operations involved in land development. FELDA was restricted no longer to acting in support of State agencies, and was empowered to undertake the field implementation of schemes. This change heralded the second stage of development, during which the Federal Land Development Authority made a major impact upon the landscape of Peninsular Malaysia.

(ii) The Development Stage (1961 - 1970)

The Development Stage was nearly coterminous with the decade of the 1960s, and was the period of change during which FELDA became more complex as its activities grew increasingly diverse. The Special Committee set up to review FELDA had recommended that the State Land Development Boards be wound up, and this recommendation was implemented in mid-1961. FELDA took control of 17 schemes.⁽⁵⁰⁾ The Special

Committee had advised also that the Authority be brought within the scope of the Ministry of National and Rural Development, and the fulfilment of this recommendation caused FELDA to lose much of its autonomy. However, in 1961 the Ministry did appoint a Technical Investigation Committee and a Technical Planning Committee, which committees solved the problems of slow progress which had beset FELDA at the close of the Advisory Stage.⁽⁵¹⁾

The Alliance's intention to use land development as part of its response to electoral dissatisfaction was apparent in the allocations of the Second Malaya Plan (1961 - 1965). The Second Malaya Plan gave M\$545.3 million to Agriculture and Rural Development (Federation of Malaya, 1961, Table V).⁽⁵²⁾ The importance of FELDA within the programme of Agriculture and Rural Development was emphasised by the Plan's allocations. The Second Malaya Plan allotted M\$175 million direct to the Authority, and M\$30 million to those agencies whose job it was to provide facilities and services on the Authority's schemes (Federation of Malaya, 1961, p.31).

The First Malaysia Plan (1966 - 1970) ushered in a further era of growth for FELDA. Under the First Malaysia Plan the estimated actual expenditure on land development by all agencies was M\$363.6 million (Federation of Malaysia, 1971, Table 2-4), with the major proportion of land development being undertaken by FELDA (Federation of Malaysia, 1971, p.11).

During the Development Stage, a number of changes were effected in FELDA's modus operandi. The first change was a switch from rubber to oil-palm as the main crop. FELDA had been attracted to rubber

originally by the settlers' comparative familiarity with it, and because rubber held out the prospect of high incomes for the settlers (Harcharan Singh Khera, 1975, p.194).⁽⁵³⁾ Rubber was the main crop on 52 of the 57 schemes in operation in 1963 - only five schemes were devoted to oil-palm (Wikkramatileke, 1972a).

The switch to oil-palm as a settler crop was prompted by the government's desire to maintain settler incomes at high levels within a growing and increasingly diversified economy. Rubber prices had fallen steadily since the 'boom' occasioned by the Korean War, and the government wished to reduce Peninsular Malaysia's dependence on this crop. The First Malaysia Plan reiterated the intention of diversification (Federation of Malaysia, 1965, p.7), and the remarkable turnaround in the importance of the two crops on FELDA schemes had its roots in the government's decision to diversify. Also the ability of oil-palm cultivation to enhance settler incomes was particularly attractive in the aftermath of the 1959 General Election result.

The Authority had first planted oil-palm in 1961, 4 of the first 5 FELDA oil-palm schemes being established at the Taib Andak complex in Johore. In the second half of the 1960s oil-palm was adopted increasingly as a settler crop, with 32 of the 42 new schemes set up between 1964 and 1970 being planted with oil-palm (Wikkramatileke, 1972a). By the end of the decade the acreage of oil-palm had outstripped that of rubber. Table 2.3 shows the acreage planted by the Federal Land Development Authority by State and by type of crop at the end of 1970. Table 2.3 reveals that rubber comprised 147,825 acres (47.4%) and oil-palm 164,003 acres (52.6%) of the total 311,828 acres (100.0%) planted. Table 2.3 reveals also that total land developed

TABLE 2.3

Federal Land Development Authority

ACREAGE PLANTED BY STATE AND BY
CROP TYPE, 1970

STATE	RUBBER		OIL-PALM		BOTH	
	acres	%	acres	%	acres	%
Penang	-	-	-	-	-	-
Perak	16,082	10.9	7,596	4.6	23,678	7.6
Selangor	7,761	5.3	14,094	8.6	21,855	7.0
CENTRAL WEST COAST	23,843	16.2	21,690	13.2	45,533	14.6
Negri Sembilan	28,079	19.0	-	-	28,079	9.0
Malacca	6,571	4.4	-	-	6,571	2.1
Johore	34,300	23.2	40,008	24.4	74,308	23.8
SOUTH-WEST COAST	68,950	46.6	40,008	24.4	108,958	34.9
Kedah	11,086	7.5	-	-	11,086	3.6
Perlis	-	-	-	-	-	-
NORTH-WEST COAST	11,086	7.5	-	-	11,086	3.6
WEST COAST	103,879	70.3	61,698	37.6	165,577	53.1
Pahang	34,155	23.1	89,531	54.6	123,686	39.7
Kelantan	2,400	-	-	-	?	-
Trengganu	9,791	6.6	12,774	7.8	22,565	7.2
EAST COAST	43,946	29.7	102,305	62.4	146,251	46.9
Peninsular Malaysia (a)	147,825	100.0	164,003	100.0	311,828	100.0

(a) total and sub-total figures do not include data for Kelantan, since no statistics are available after FELDA ceased operation in that state.

Source: adapted from Wikkramatileke, 1972a, Table II, FELDA Projects: A Statistical Summary, 1970.

was divided fairly equally between the West Coast States and the East Coast States. The former had 165,577 acres (53.1%) and the latter 146,251 acres (46.9%) of the total developed area of 311,828 acres. However, this over-all picture masks important differences in the distribution of rubber and oil-palm: almost three-quarters (70.3%) of the rubber acreage was in the West Coast States, whereas nearly two-thirds (62.4%) of the oil-palm acreage was in the East Coast.

The distribution of oil-palm noted above reflected the second change within FELDA, which was that the Authority turned its attention to the East Coast States. Again, this was a manifestation of Alliance desire to use land development as a means of regaining the support of the rural Malays. The move was a response also to the growing unavailability of large tracts of suitable land in the West Coast States. The reality that oil-palm benefitted from large-scale development lent economic credibility to the political considerations. Consequently, in the second half of the 1960s FELDA started to concentrate its efforts on central Pahang and Trengganu and southeast interior Johore, areas rich in under-utilised and virgin-forest land.⁽⁵⁵⁾

This switch in emphasis is demonstrated in Table 2.4, which shows the distribution by State of schemes implemented in two time-periods, 1957 - 1963 and 1964 - 1970. In the former period, 42 (73.7%) of FELDA's 57 schemes were established in States of the West Coast with Johore alone having more schemes than the total number located in the three East Coast States (17 as opposed to 15). In the latter period, the position was reversed. Between 1964 and 1970, the East Coast States acquired almost two-thirds (62.0%) of new schemes, Pahang alone accounting for some 24 (57.1%) of the 42 schemes implemented during this period.

TABLE 2.4

Federal Land Development Authority

DISTRIBUTION BY STATE OF SCHEMES IMPLEMENTED
IN TWO TIME PERIODS, 1957 - 63 AND 1964 - 70

STATE	SCHEMES IMPLEMENTED 1957 - 63				SCHEMES IMPLEMENTED 1964 - 70			
	RUBBER	OIL-PALM	BOTH		RUBBER	OIL-PALM	BOTH	
	No	No	No	%	No	No	No	%
Penang	-	-	-	-	-	-	-	-
Perak	5	-	5	8.8	-	2	2	4.8
Selangor	2	1	3	5.3	-	1	1	2.4
CENTRAL WEST COAST	7	1	8	14.1	-	3	3	7.2
Negri Sembilan	7	-	7	12.3	3	-	3	7.1
Malacca	4	-	4	7.0	1	-	1	2.4
Johore	15	2	17	29.8	-	8	8	19.0
SOUTH-WEST COAST	26	2	28	49.1	4	8	12	28.5
Kedah	6	-	6	10.5	1	-	1	2.4
Perlis	-	-	-	-	-	-	-	-
NORTH-WEST COAST	6	-	6	10.5	1	-	1	2.4
WEST COAST	39	3	42	73.7	5	11	16	38.1
Pahang	8	1	9	15.8	4	20	24	57.1
Kelantan	1	-	1	1.8	-	-	-	-
Trengganu	4	1	5	8.8	1	1	2	4.8
EAST COAST	13	2	15	26.4	5	21	26	62.0
Peninsular Malaysia	52	5	57	100.0	10	32	42	100.0

Source: adapted from Wikkramatileke, 1972a, Table I, Distribution of FELDA Projects Implemented and Scheduled, 1957 - 70.

The third change made by FELDA was in respect of its operations at scheme level. To combat the slow rate of development, after 1962 FELDA did not require settlers to work on the construction of roads, drainage channels and similar infrastructure within the schemes. Later it was decided that settlers would not have to even build their houses. Thus FELDA arrived at the situation pertaining today, where all the tasks of scheme establishment - forest clearance, terracing, planting, crop maintenance in the early stages, house-building, and the construction of scheme infrastructure - are completed before the arrival of the settlers. The settlers simply move into the houses and take over from the contractors the task of crop maintenance.

The fourth change was with reference to the size of main crop holding. During the Advisory Stage, the settler had been allocated some six to eight acres of rubber as a main crop holding. Each settler had received also an additional two acres of orchard land, or dusun. It had been discovered that the main crop holding was too small to provide the settler with adequate income and employment, whereas often the dusun was neglected (Alias, 1975). Towards the end of the Development Stage these problems were solved partially by fixing the main crop holding at 10 acres for both rubber and oil-palm, at the same time doing away with the separate dusun area.

The fifth change was in the way in which the main crop holdings were allocated to the settlers for development. Originally, settlers on FELDA rubber schemes had been expected to assist in developing the whole of the scheme crop acreage. This had proved to be unsatisfactory, as settlers were unable to associate their efforts with rewards accruing to them personally. In 1962, FELDA introduced a 'block'

method of farming in which groups of settlers cooperated in tending smaller, more easily defined acreages. The settlers found more motivation in the fact that they could now identify the trees which would one day be theirs, and scheme development improved. Today, each settler is allocated ultimately a portion (i.e. 10 acres) of the larger area which he has helped to maintain, and he continues to work alone on this plot. The final act is the granting of land title to the settler on completing the repayment to FELDA of the cost of developing the holding.

The allocation of holdings on FELDA oil-palm schemes was complicated by the fact that oil-palm fresh fruit bunches (FFB) require rapid processing if most value is to be obtained from the crop. Also, the maintenance and harvesting of oil-palm acreage is a more demanding task physically than that of rubber cultivation. Consequently, oil-palm is best worked on a group basis rather than by one man alone. Thus, in 1970 FELDA introduced to oil-palm schemes a modified 'block' system which would allow oil-palm cultivators to continue to assist each other after the crop had reached production.

Unlike the practice on rubber schemes - where settlers ultimately farm their holdings independently - in the oil-palm 'block' system the cropland is divided into units of some 200 acres. Each 200-acre block is farmed by 20 settlers on a cooperative basis. The settlers help each other in performing the necessary tasks, and share equally the proceeds from the block. This system links the economic advantage of efficiency with respect to crop production with the political attractiveness of land ownership: "FELDA's endeavour in oil palm growing is more or less an estate-based venture with a

cooperative land ownership" (Bahrin and Perera, 1977, p.43).

The sixth change was that at the end of the Development Stage FELDA began to expand the nature and scope of its operations. The Authority experimented with new crops to supplement the traditional rubber and oil-palm. For example, the potential of sugar-cane began to be investigated in 1967. Also, FELDA established more autonomy with respect to the processing and marketing of its products. The Authority had processed its own rubber during the first years of the 1960s, but in 1964 switched to private sector processing in order to save on capital costs. This course soon proved expensive, and in 1966 - with the commissioning of its first two rubber-mills at Ulu Jempol and Jerangau - the Authority returned to its original concept. Prior to 1967 FELDA had not carried out any oil-palm processing, but in 1967 the Authority commissioned two oil-palm mills at Jerantut and Ulu Jempol in Pahang. Later, two more oil-palm mills were built at Bukit Besar and Sungei Dusun.⁽⁵⁶⁾

A final change was that FELDA began to acknowledge some responsibility for the settlers' future by instituting social measures aimed at improvement of life on the schemes. One consequence of this acknowledgement was the creation in 1969 of a Settler Development Division within FELDA. The Settler Development Division was set up in order to assist settlers in adjusting to their new environment and to their changed socio-economic status.⁽⁵⁷⁾ At scheme level, there was the creation in 1967 of Scheme Development Committees (Jawatan Kuasa Kemajuan Rancangan, or JKKR). These Committees were established in order to give settlers a greater say in scheme development.

Thus by the end of the Development Stage FELDA had evolved the main features of the "completely integrated concept of agricultural development" (Alias, 1975, p.16) which characterize it at present.

(iii) The Modern Stage (1971 onwards)

By the beginning of the Modern Stage FELDA had become the "complex and wide-ranging organisation" (MacAndrews, 1977, p.109) which it is today. The Modern Stage continues the three main developments which characterized the end of the Development Stage. These were:

(i) the recognition by FELDA of its role as a socialising and modernising agent; (ii) the growth of processing and marketing functions; and (iii) the concentration on large-scale regional development projects.

First, the Authority is aware that the government puts great reliance on land development as a means of modernising rural areas, of changing traditional attitudes, and of effecting the New Development Strategy. It is clear also that the government sees FELDA as the most important part of the land development approach. The Authority's estimated expenditure during the Second Malaysia Plan was M\$645.14 million out of a total Plan expenditure on land development of M\$1,139.18 million (Federation of Malaysia, 1976, Table 16-3).⁽⁵⁸⁾ The allocation of funds to FELDA in the Third Malaysia Plan was M\$1,603.69 million (Federation of Malaysia, 1976, Table 16-3).

During the Modern Stage FELDA has continued to seek an optimum size for its rubber and oil-palm holdings. The government's ambitions make it imperative that FELDA settle as many people as possible at adequate income and employment levels. Therefore, size of holdings must be kept to the minimum consistent with satisfactory levels of

employment and earnings. Falling prices of rubber and oil-palm meant that in 1973 the size of holdings was increased so as to maintain settler incomes.⁽⁵⁹⁾ However, it was decided later that this action would reduce too greatly the numbers of settlers who could be placed on FELDA schemes, and today the size for both rubber and oil-palm holdings has been standardised at 10 acres.

Second, during the Modern Stage there has been a proliferation of departments within FELDA, and of concerns in which the Authority has interests. By 1976 FELDA had eleven Departments, 10 Regional Administrations, and - at 'grass roots' level - 209 scheme offices. The Authority controlled also 6 subsidiary Corporations and 3 subsidiary Companies, which are detailed in Table 2.5.

The third and most significant development during the Modern Stage has been the emphasis on FELDA as the cornerstone of regional development planning in the more remote East Coast States. The regional planning strategy originated in the early 1960s. In 1962, government desire to increase the pace of rural development prompted Tunku Abdul Razak to concentrate development on a regional planning basis. The Tunku selected the Jengka Triangle area of Pahang as the country's first planned development region.⁽⁶⁰⁾ The World Bank sent a feasibility mission to Peninsular Malaysia in mid-1963, and the project was started in 1966 (FELDA, 1977a). The Jengka Triangle development was expected to take twelve years (Tippetts and Co., et al, 1967), and settlers entered the first FELDA scheme in 1970 (FELDA) 1977a).⁽⁶¹⁾

The promulgation of the New Development Strategy - the New Economic Policy at its core emphasising correction of ethnic and

TABLE 2.5

Federal Land Development Authority

DETAILS OF SUBSIDIARIES

SUBSIDIARY	DATE OF ESTABLISHMENT	FUNCTION
<u>Syarikat Kilang Gula FELDA Perlis Sendirian Berhad</u>	1971	Milling and refining of sugar-cane
FELDA Stores Corporation	October, 1972	Provision of retail services in FELDA schemes
FELDA Marketing Corporation (FELMA)	January, 1974	Marketing of rubber and palm products from FELDA schemes
<u>Syarikat FELDA-Johore Bulkurs Sendirian Berhad</u>	September, 1974	Bulking and storage of palm oil
Latex Handling Corporation (LHC)	September, 1974	Export of latex concentrate (Joint venture with Malaysian Agricultural Research and Development Corporation (MARDEC))
FELDA Transport Corporation	January, 1975	Transport of palm oil and latex concentrate
FELDA Mills Corporation	July, 1975	Control of all processing and bulking installations
<u>Syarikat FELDA Oil Products Sendirian Berhad</u>	October, 1975	Refining and fractionating of palm oil
FELDA Security Services Corporation	June, 1976	Provision of security for FELDA and its subsidiaries

Source: compiled from data presented in FELDA, 1975, pp.9 - 11, and FELDA, 1977b, pp.8 - 9.

regional socio-economic imbalance - stimulated a great upsurge of interest in regional planning. Between 1970 and 1975 the government commissioned 19 Regional Plans, among them the Johore Tenggara Scheme and the Pahang Tenggara Scheme. The Johore Tenggara Scheme is a scheduled 20-year project covering 750,000 acres in southeast Johore (Malaysian Business, 1977). The Plan recommends that 49% of the 249,000 acres suitable for agriculture be developed by FELDA. The Pahang Tenggara scheme involves the development of some 2,500,000 acres in southern Pahang. (62)

Peninsular Malaysia's regional plans show a number of common features. Typically they involve extensive areas of the less-developed States of the East Coast, which areas offer large tracts of under-used land or virgin forest suitable for development by FELDA and other agencies. Table 2.6 shows the extent to which suitable unalienated land was still available in these States in 1975. It may be seen from Table 2.6 that in 1975 some 58.6% of unalienated land suitable for agriculture lay in the East Coast States, especially in Pahang (41.1%). If the figure for Johore (20.7%) is added to that for the East Coast, then 79.3% of unalienated land suitable for agriculture was to be found in the interior part of Peninsular Malaysia (see note (a) to Table 2.6).

Table 2.7 shows by State the amount of land projected for development by all land development agencies during the term of the New Economic Policy (1971 - 1990). The emphasis upon the East Coast States and upon Johore reflects the situation with respect to the availability of unalienated land suitable for agriculture revealed in Table 2.6. Table 2.7 shows that in the period 1971 - 1990, the East Coast States and Johore are projected to have 75.0% (56.7% + 18.3%)

TABLE 2.6

Peninsular Malaysia

AVAILABILITY OF UNALIENATED LAND
SUITABLE FOR AGRICULTURE BY STATE, 1975

STATE	LAND AREA	UNALIENATED LAND SUITABLE FOR AGRICULTURE	
		acres	%
Penang	253,000	3,000	0.1
Perak	5,154,000	519,000	8.4
Selangor	1,980,000	149,000	2.4
CENTRAL WEST COAST	7,387,000	671,000	10.9
Negri Sembilan	1,642,000	338,000	5.5
Malacca	418,000	22,000	0.4
Johore ^(a)	4,693,000	1,282,000	20.7
SOUTH-WEST COAST	6,753,000	1,642,000	26.6
Kedah } Perlis } ^(b)	2,541,000	250,000	4.0
NORTH-WEST COAST	2,541,000	250,000	4.0
WEST COAST	16,681,000	2,563,000	41.5
Pahang	8,870,000	2,545,000	41.1
Kelantan	3,720,000	217,000	3.5
Trengganu	3,196,000	866,000	14.0
EAST COAST	15,786,000	3,628,000	58.6
Peninsular Malaysia	32,467,000	6,191,000	100.0

(a) Although Johore is a 'West Coast' State - having a shore on the Straits of Malacca - the eastern part of the State has experienced the inaccessibility and lack of development traditionally characteristic of Pahang, Kelantan and Trengganu. Thus, the bulk of unalienated land suitable for agriculture in Johore is distant from the developed regions which lie close to the Straits of Malacca and to Singapore.

(b) The vast majority of unalienated land suitable for agriculture lies in the State of Kedah.

Source: adapted from Federation of Malaysia, 1976, Table 10-7, Malaysia - Availability of Suitable Land for Agriculture, 1975.

TABLE 2.7

Peninsular Malaysia

PROJECTED LAND DEVELOPMENT BY STATE, 1971 - 90

STATE	OIL-PALM		RUBBER		OTHER CROPS		TOTAL	
	'000 acres	%	'000 acres	%	'000 acres	%	'000 acres	%
Penang	5.5	0.3	-	-	-	-	5.5	0.2
Perak	44.7	2.7	98.6	10.6	77.1	12.7	220.4	6.9
Selangor	40.5	2.5	37.9	4.1	10.5	1.7	88.9	2.8
CENTRAL WEST COAST	90.7	5.5	136.5	14.7	87.6	14.4	314.8	9.9
Negri Sembilan	123.9	7.5	164.9	17.8	17.7	2.9	306.5	9.6
Malacca	3.5	0.2	18.6	2.0	-	-	22.1	0.7
Johore	320.2	19.4	164.8	17.8	99.4	16.3	584.4	18.3
SOUTH-WEST COAST	447.6	27.1	348.3	37.6	117.1	19.2	913.0	28.6
Kedah } Perlis }	-	-	105.2	11.4	45.9	7.5	151.1	4.7
NORTH-WEST COAST	-	-	105.2	11.4	45.9	7.5	151.1	4.7
WEST COAST	538.3	32.6	590.0	63.7	250.6	41.1	1,378.9	43.2
Pahang	827.0	50.0	134.0	14.5	222.8	36.6	1,183.8	37.1
Kelantan	32.3	2.0	116.5	12.6	39.6	6.5	188.4	5.9
Trengganu	255.4	15.5	85.5	9.2	96.0	15.8	436.9	13.7
EAST COAST	1,114.7	67.5	336.0	36.3	358.4	58.9	1,809.1	56.7
Peninsular Malaysia	1,653.0	100.0	926.0	100.0	609.0	100.0	3,188.0	100.0

Source: adapted from Federation of Malaysia, 1976, Table 10-8, Malaysia: Projected Land Development by State, 1971 - 90.

of the new land developed for agriculture, and it is particularly noticeable that the vast majority of the projected oil-palm acreage - 86.9% (67.5% + 19.4%) - was scheduled for the East Coast and eastern Johore (the reader is referred again to note (a), Table 2.6). Although the Federal Land Development Authority's share of land development is not indicated specifically in Table 2.7, the Authority will be expected to undertake the lion's share of new land development between 1971 and 1990.

FELDA's great success in opening-up such tracts of under- or unutilised land to profitable cultivation with tree-crops and to colonisation by settlers has been a major factor in making such regional planning possible. Thus, FELDA is the foundation of Peninsular Malaysia's regional planning approach. The Authority provides the foundation-stone in several ways. First, land clearance gives the opportunity for the growth of forestry and associated timber-processing industries, which can continue to exploit and manage any forest land deemed unsuitable for agricultural development. Second, the FELDA schemes produce raw materials which might form the basis of agro-industries such as rubber-milling, motor-tyre manufacture, and soap production. Third, the Authority's settlers and their dependants form a nucleus of population which might provide the initial labour force and market for the region's nascent industries. Fourth, FELDA brings to remote rural areas some of the facilities and services found normally only in towns.

2.4 CONCLUSION

The basic rationale underpinning the Federal Land Development Authority is summarised in the following quotation from the Official History:

"FELDA's main operation is to carry out land development and settlement in new areas with the sole objective of creating at the end of the development period prosperous farming communities with economically viable agricultural holdings"

(Bahrin and Perera, 1977, p.26).

To the attainment of this end FELDA had by 1970/71 evolved into a multi-functional agency concerned with the many and diverse operations necessary for successful land development and settlement.

The experience gained by the Federal Land Development Authority in the Advisory Stage (1956 - 1960) - during which FELDA had an advisory capacity only - was put to good use during the Development Stage (1961 - 1970), when the Authority became responsible for the actual implementation of land development. The 1960s saw FELDA learning the land development 'business' by trial and error, gaining expertise and profiting from its mistakes, until by the end of the decade it had forged itself into a sound implement for the opening-up and settlement of new land. The advent of the Modern Stage (since 1971) was marked by refinement of the techniques acquired during the Development Stage, and by consolidation of the Authority's position as Peninsular Malaysia's most able land development agency, rather than by the introduction of further change.

The Federal Land Development Authority's very success up to 1970/1971 as a development agency in the Malay-dominated rural areas - especially with the growing emphasis on large-scale regional planning - prompted the Peninsular Malaysian government to invest FELDA with heavy responsibility for achieving the objectives of the New Development Strategy, especially those of the New Economic Policy. The remainder of this thesis will assess the role of the Federal Land Development Authority in attaining the objectives of the New Development Strategy. (63)

FOOTNOTES TO CHAPTER 2

33. The best single account of the history and activities of the Federal Land Development Authority is the official history of FELDA: Bahrin and Perera, 1977, FELDA - 21 Years of Land Development, (Federal Land Development Authority, Kuala Lumpur).
34. The acronym FELDA is the abbreviation preferred today, but in the past the Federal Land Development Authority was known by its initials, FLDA. Thus earlier references to the Authority do not employ the abbreviation FELDA.
35. Thus irrigation schemes such as that operated by the Muda Agricultural Development Authority (MADA) on the Kedah/Perlis border - designed to ameliorate the socio-economic conditions of padi-farmers resident in the area - are not considered 'land development' in the sense used in Peninsular Malaysia.
36. Federation of Malaya, 1956, Report of the Working Party set up to consider the Development of New Areas for Land Settlement in the Federation of Malaya, (Government Press, Kuala Lumpur).
37. Bahrin has calculated that there are "at least 15 different agencies involved in land development" in Peninsular Malaysia (Bahrin, 1973, p.83).
38. The word 'virgin' as used here is not limited solely to 'primary' forests untouched by man, but includes those 'secondary' forests which have been modified by shifting cultivators and exploited to a limited extent by sedentary cultivators (e.g. the Malays) as a source of firewood, thatch and other traditional forest products. Thus any forest which has not been cleared for permanent agriculture nor exploited by commercial forest industry might be considered 'virgin'.
39. No single criterion can be taken as perfect, and 'acreage developed' is limited as an indicator of the relative importance of land development agencies. Other criteria which might be used are the number of schemes operated by each agency, the number of persons aided by each agency, or the amount of Federal money allotted to each agency. However, these criteria are themselves limited, and 'acreage developed' appears to be the indicator used most frequently.
40. Rubber (Hevea brasiliensis) and oil-palm (Elaeis guineensis) are of overwhelming importance as main crops on FELDA schemes, and in 1977 only these crops were in production on established schemes with settlers (Blair and Noor, 1978, p.59). In addition, there is a sugar-cane project in Perlis - developed as a joint venture with private enterprise - and there are experimental plantings of crops such as coffee and cocoa, which crops are undergoing field trials to assess their suitability for FELDA's purpose. FELDA wishes to develop crops such as these so as to diversify away from rubber and oil-palm.

41. The padang of a Malaya village (kampung) equates with the English village green, in that it is an open space within the village used for meetings, recreational activities and sports.
42. Most authorities agree that the history of FELDA may be sub-divided into distinct phases, although some authorities prefer a sub-division different from that used here (1956 - 1960; 1961 - 1970; 1971 onwards). For example, MacAndrews identifies three stages: the initial years (1956 - 1961); a second stage of large scale, directly administered development (1961 - 1967); and a third stage of diversification and social development (1967 - 1975) (MacAndrews, 1977).
43. It is not certain how many applications still awaited processing. Syed Hussain Wafa notes that the Working Party established to review land development in Peninsular Malaysia estimated that 200,000 applications were outstanding (Syed Hussain Wafa, 1975, p.164). Bahrin and Perera state that "there were already 116,000 land applications awaiting action in the various land offices", although they consider that some of these were duplicates and others speculative (Bahrin and Perera, 1977, p.3). Whatever the precise figure, there were a considerable number of outstanding applications. The Emergency is explained below, footnote 55.
44. Mr. Fiennes was appointed Chairman in August 1956, and had previously been a member of the Working Party (MacAndrews, 1977, p.94).
45. Bahrin and Perera note that FELDA was established with a working capital of M\$10 million (Bahrin and Perera, 1977, p.4).
46. At first sight this is surprising, when one remembers that the Working Party found that the States would welcome Federal assistance towards land development. However, as noted by Ho, Peninsular Malaysia's land codes confirmed that land rights were vested in the States (Ho, 1965, p.5), which were apprehensive of extending to the Federal government any opportunity of reducing State powers.
47. There were 12 departments and agencies responsible to 8 ministers both at State and Federal levels, each with some interest in land development (Bahrin and Perera, 1977, p.9).
48. The fact that land development could generate political capital was an important consideration in the location of schemes. Wikramatileke has observed that a notable feature of the first years' development was that all the States - except Penang and Perlis - had at least one representative scheme (Wikramatileke, 1972a, p.63).

III

49. That the settlers' inadequacy in the performance of tasks such as forest clearance was a major factor contributing to poor scheme development in the period 1957 - 1960 has been acknowledged by FELDA (Alias, 1975, p.6). On occasion settlers actually deserted schemes rather than undertake these arduous tasks.
50. As Ho has observed, not without opposition from the State governments concerned (Ho, 1965, p.6).
51. These two committees no longer exist (Bahrin and Perea, 1977, p.9).
52. This figure was the original allocation. It is not uncommon for original Plan allocations to be revised - and often increased subsequently - as part of a mid-term review of progress. In order to achieve consistency, throughout this thesis the original Plan allocations have been used.
53. Natural rubber (Hevea brasiliensis) had been introduced into European plantations at the end of the nineteenth century, and it was soon adopted by Malay farmers as a valuable small-holding crop well suited to their traditional village economy and capable of furnishing them with good financial returns.
54. Oil-palm (Elaeis guineensis) benefits much more than rubber from economies of scale, the great cost of palm-oil processing facilities vis-a-vis those for processing rubber making desirable extensive plantings of oil-palm. Thus, despite the fact that only 36 of FELDA's 92 schemes in mid-1970 were planted with oil-palm - the remainder being devoted to rubber - at that date the planted acreage of the former (164,000 acres) exceeded that of the latter (147,000 acres) (Wikramatileke, 1972b, p.479).
55. In addition to the political requirement of being seen to aid the rural Malays, and to the economic advantage of large-scale oil-palm plantings, the expropriation of extensive areas of forest in the East Coast States for purposes of land development assisted the government in its drive against Communism in the immediate post-Emergency years. The Emergency (1948 - 1960) was an attempted Communist insurrection, and Communist guerillas still lingered in the more remote parts of the country. Land development not only helped to convince the rural population that support for the government would reap rich harvests, but also reduced the Communists' forest refuges, making it increasingly difficult for them to hide and travel undetected by the security forces.
56. At the beginning of 1977 FELDA had in operation 17 oil-palm mills, 3 rubber factories and 1 sugar mill, with a further 13 oil-palm mills, 1 rubber factory and 1 cocoa processing factory either under construction or at the planning stage (FELDA, 1977b, p.2).
57. "The basic task of FELDA's Social Development Programme is the creation of a cohesive social group of people from diverse backgrounds" (Bahrin and Perera, 1977, p.85).

58. As revealed in Table 1.5 above, FELDA was originally allocated M\$582.42 million out of a total Second Malaysia Plan allocation to land development of M\$795.14 million, that is 73.2% of the original total allocation to land development.
59. Holdings were increased from 10 to 12 acres in the case of rubber, and from 10 to 14 acres in the case of oil-palm.
60. Tunku Abdul Razak was Deputy Prime Minister and Minister for Rural Development. The 'Jengka Triangle' is the name given to a forest reserve of western Pahang, the apexes of the 'triangle' being formed by the towns of Jerantut (in the north), Temerloh/Mentakab (in the southwest) and Maran (in the southeast). The triangle is bordered by the Pahang River on the west and by the Jerantut-Maran road on the east, the base of the triangle being formed by the Temerloh/Mentakab - Maran road (National Route 2). The total area of the Jengka Triangle is approximately 300,000 acres, of which some 100,000 acres is being developed as FELDA schemes.
61. Regional development plans of the Jengka model are expected to stimulate the economic development of resource-rich but poorly developed and sparsely populated areas which have great potential for future growth. The government has recognised that lack of physical and institutional infrastructure in these areas has tended to deter private capital from exploiting the resources. Consequently, the government hopes that by furnishing the appropriate foundations - roads, new towns, even population - the way will be paved for rapid economic development. As noted in the Mid-Term Review of the Third Malaysia Plan, 1976 - 1980, "the regional development strategy under the New Economic Policy (NEP) has two basic objectives: first, to develop more fully the resources of the regions in the country, and second, to bring about a more equitable distribution, among the regions, of the benefits from economic growth" (Federation of Malaysia, 1979b, p.77). Note that FELDA is only one of many vehicles - both public and private - intended to contribute to successful regional development: mining, forestry, agro-industries and private enterprises of many kinds are expected to play their part also. However, FELDA is regarded as the key to successful regional planning, especially in the early, difficult years.
62. The Mid-Term Review of the Third Malaysia Plan, 1976 - 1980 states that "during 1976 - 78, approximately 51,000 acres in Johor Tenggara, 96,000 acres in Pahang Tenggara and 47,000 acres in Trengganu Tengah were developed mainly by FELDA, bringing the total area opened up in these three regions to 522,000 acres" (Federation of Malaysia, 1979b, p.86). At the end of 1978, the total acreages of land developed in each region were 247,000 acres in Pahang Tenggara, 145,800 acres in Johor Tenggara, and 128,400 acres in Trengganu Tengah (Federation of Malaysia, 1979b, Table 5-7).
63. Appendix 2 presents data and statistics concerning the present status of the Federal Land Development Authority, and the Endpaper depicts the distribution of FELDA schemes in Peninsular Malaysia.

CHAPTER 3

The Structure of Peninsular Malaysia's

Socio-Economic System, 1957

3.1 INTRODUCTION

As implied in Chapter 1, the development of Peninsular Malaysia led to the creation of socio-economic imbalance. This imbalance resulted from development proceeding largely in the West Coast States, the States of the East Coast remaining a back-water cut off from the main-stream of modernisation. British colonial policy was motivated by a desire to derive wealth from Malaya, partly by the extraction of minerals, and partly by the cultivation of tropical crops. Chinese and Indians migrated to the peninsula in response to the peaceful conditions brought by the extension of British power, and were attracted to those regions of greatest development. Thus the socio-economic patterns became set early on and were accentuated as the West Coast States and the immigrant communities built upon their initial and derived advantages. (64)

Chapter 3 will present the main features of the Malay Peninsula's transformation into the political unit known as British Malaya, and will summarize the structure of Peninsular Malaysia's society and economy on the eve of independence in 1957. The Conclusion will give a synopsis of the main characteristics of Peninsular Malaysia's socio-economic system at that time.

3.2 THE CREATION OF BRITISH MALAYA (1786 - 1957) (65)

3.2a British Contact prior to 1874

The first part of the Malay Peninsula to feel the direct effect of European colonial expansion was the Sultanate of Malacca. Malacca was annexed by the Portugese in 1511, and in 1641 passed by right of conquest to the Dutch. Finally, the Sultanate was expropriated from the Dutch by the British in exchange for Benkulen (part of modern Indonesia) under a provision of the Treaty of London, 1824. Malacca was the fourth Malayan territory to be seized by the British, its acquisition having been preceded by that of Penang (1786), Singapore (1819), and The Dindings.⁽⁶⁶⁾

At this early stage of contact with the peninsula, the British had an official policy of non-interference in the mainland Malay States. The value of the Malay Peninsula lay in its contribution to the defence of British India. Control of the Straits of Malacca - the shortest sea-route between the Indian Ocean and the South China Sea - was vital to British India's security. However, the British were soon to find themselves involved with events within the peninsula itself.

3.2b Consolidation of British Power (1874 - 1957)

In 1829 the British possessions in Malaya had been incorporated as the Colony of the Straits Settlements, and for some time British interest was confined to these territories and to the governance of the Straits of Malacca. However, Chinese prospectors from the Straits Settlements had begun to exploit the rich tin-fields discovered in the Malay States of Perak, Selangor and Negri Sembilan. This activity

had been accompanied by disputes between rival mining factions, and between the Chinese prospectors and the Malay inhabitants. By about 1870 the turmoil in the Malay States threatened the peace of the Straits Settlements.

British desire to control the disturbances in the Malay States prompted them to extend their influence over the nearer parts of the peninsula, and 1874 saw the start of consolidation of British power in Malaya. In that year Perak, Selangor and Sungei Ujong (the main part of Negri Sembilan) became protectorates, with the remainder of Negri Sembilan acquired in subsequent years. A protectorate was established over Pahang in 1888.

The growth of the tin mining industry in the Malay States was accompanied by a steady influx of Chinese settlers and the genesis of a road and rail network based on Kuala Lumpur. Consequently, the development of these newly-acquired States was rapid, and in order that their growth might be supervised more readily a more comprehensive form of government was required. Thus, between 1895 and 1896 the States of Perak, Selangor, Negri Sembilan and Pahang were brought together as the Federated Malay States.

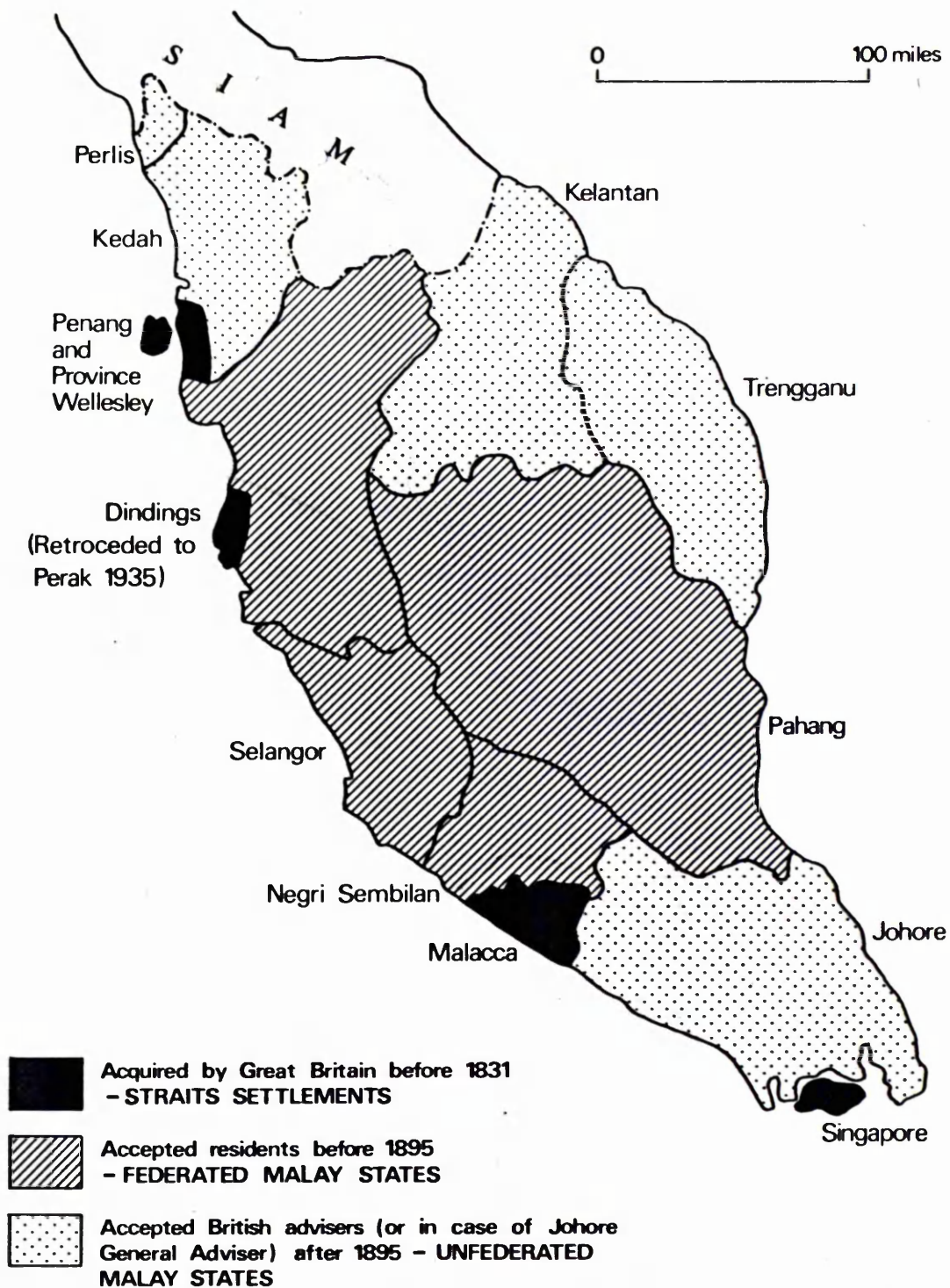
Near the end of the nineteenth century tin began to be replaced by rubber as the mainstay of the Federated Malay States' economy. This change-over was in response to the increased world demand for rubber occasioned by the rapid growth of the electrical and motor-car industries. The development of the rubber industry was accompanied by the ingress of South Asian (Indian) immigrants, particularly of Tamils from the south of the Indian sub-continent.⁽⁶⁷⁾

The consolidation of British power in the Malay Peninsula continued during the early part of the twentieth century. British control replaced Siam's suzerainty over the northern Malay States of Kedah, Perlis, Kelantan and Trengganu, this transfer of authority being effected by the Bangkok Treaty of 1909.⁽⁶⁸⁾ Finally, the British grip on Johore was assured by an agreement signed in 1914. The States of Kedah, Perlis, Kelantan, Trengganu and Johore were linked loosely as the Unfederated Malay States.

Thus, by 1914 British expansion had reached a logical conclusion: control had been extended over all the Malay Peninsula and nearby islands. At this time British Malaya comprised three main political units: (i) the Colony of the Straits Settlements (Penang and Province Wellesley, the Dindings, Malacca and Singapore); (ii) the Federated Malay States (Perak, Selangor, Negri Sembilan and Pahang); (iii) the Unfederated Malay States (Kedah, Perlis, Kelantan, Trengganu and Johore). This political pattern persisted until the coming of the Second World War to the Malay Peninsula, and is summarized in Figure 3.1.

In 1948 all the mainland territories were amalgamated as the Federation of Malaya, Singapore alone remaining a separate Crown Colony.⁽⁶⁹⁾ The Federation of Malaya became an independent country within the British Commonwealth in 1957. The granting of independence marked the termination of official British control of events in the Malay Peninsula, and the start of Peninsular Malaysia's quest for national unity.

Fig 3.1 PENINSULAR MALAYSIA. POLITICAL DIVISIONS 1832-1942



Source: Fisher, 1967, p.594, Fig 84, Malaya: political divisions, 1832-1942

3.3 THE STRUCTURE OF PENINSULAR MALAYSIA'S SOCIETY AND ECONOMY, 1957

3.3a Peninsular Malaysia - A Socio-Economic System

The social and economic development of any country is a dynamic process involving the interactions of physical and human forces within a spatial unit over a period of time. The interplay through time of factors such as physical geography, human motivation, level of technology and chance creates horizontal and vertical patterns of social and economic geography within a country. In this way a socio-economic system evolves.

The patterns contained within a socio-economic system may appear static at one point in space and time, but in reality they continue to evolve in response to changes in the factors which govern them. Thus the structure of Peninsular Malaysia's society and economy at independence was the culmination of all the many physical and human forces which had influenced development up to that time. The patterns reflected particularly the cumulative effect of the socio-economic forces unleashed after 1874 by the establishment of the Pax Britannica.

The structure of Peninsular Malaysia's socio-economic system in 1957 resulted entirely from the manner in which development occurred under British colonial auspices. In the first days of British involvement, the West Coast States were favoured by their location with respect to the Straits of Malacca. Later, the West Coast States' advantage was augmented by their virtual monopoly of tin deposits. The growth of the rubber industry occurred also in these West Coast States, where advantage could be taken of their accessibility and of

the infrastructure and population associated with the tin industry. The resulting economic prosperity of the West Coast States meant that it was they which bore the brunt of immigration by wealth-seeking Chinese and Indian pioneers.

The fundamental structure of the social and economic system apparent in Peninsular Malaysia in 1957 had been created by about 1914. The years between 1914 and 1957 were characterised by growth of this socio-economic system, and by reinforcement of the social and economic patterns which had arisen. Two outstanding features of the development process which created the socio-economic system of 1957 were that it was undertaken largely from one direction - the west - and that it involved the immigration of large numbers of aliens (especially of Chinese and Indians, but also of Europeans). The remainder of Chapter 3 will detail the consequences which these and other forces had for the spatial and communal patterns of the social and economic geography of Peninsular Malaysia in 1957.

3.3b Spatial Structure of Peninsular Malaysia's Socio-Economic System, 1957

The spatial distribution of social and economic development within a developing country is a phenomenon demanding study, for it is a large measure of the population's share of that country's wealth, and of the population's access to the 'advantages and fruits' of development. In the case of Peninsular Malaysia in 1957, the country's wealth was derived mainly from commercial agriculture and mining, plus some manufacturing activity. The 'advantages and fruits' of development brought by this wealth were employment, income, items of physical infrastructure (for example roads, railways, public

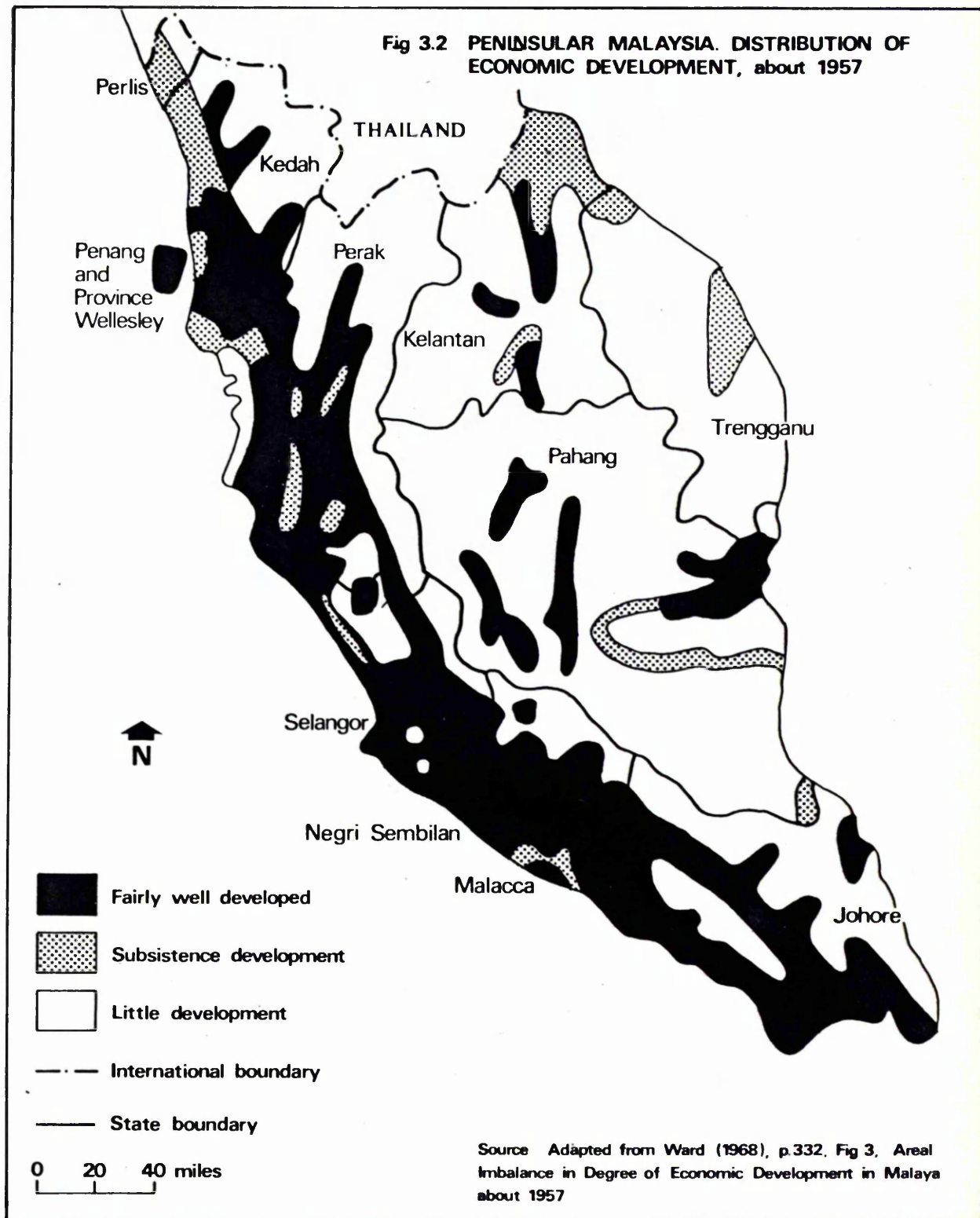
utilities), and the services and social infrastructure associated with urban areas (for example education, medical services, banks, shopping facilities and cinemas).

In a developing country the particular distribution of social and economic development correlates highly with the spatial distribution of wealth-generating activity and the 'advantages and fruits' of development.⁽⁷⁰⁾ Accordingly, the spatial distribution of social and economic development in Peninsular Malaysia in 1957 may be measured by the regional distribution at that time of (i) tin-mining, commercial agriculture - especially estate rubber - and manufacturing (the wealth-generating activities); and (ii) employment, income, physical infrastructure, and the services and social infrastructure associated with urban areas (the 'advantages and fruits' of development).

The general distribution of social and economic development about 1957 is summarized in Figure 3.2 (from Ward, 1968). According to Ward, "fairly well-developed" parts equated with the presence of plantations, mines, urban areas, and relatively well developed communications; "subsistence development" comprised areas of irrigated rice production, lower urbanisation, and poorer communications; and "little developed" consisted mostly of forest land, with a low population density and very poorly developed communications.

Figure 3.2 demonstrates clearly the greater social and economic development of the western littoral at independence. In 1957, almost all the "fairly well-developed" land was located within some thirty miles of the Straits of Malacca. The main areas of "subsistence development" were the major 'rice bowls' of Kedah and Perlis (in the north-west), and of Kelantan and Trengganu (in the north-east). The

Fig 3.2 PENINSULAR MALAYSIA. DISTRIBUTION OF ECONOMIC DEVELOPMENT, about 1957



central and eastern two-thirds of the peninsula contained vast tracts which were "little developed". Indeed, the heart of the peninsula was a sea of poorly-developed forest, dotted with occasional islands of relative prosperity, along the better lowlands, the main navigable rivers, the roads and the coast.

The peninsula penetrated by the British after 1874 was a mountainous land clothed in almost impenetrable tropical forest. The resident Malay population was confined largely to the lowland riverine, deltaic and estuarine areas, which locations provided the Malays with the bases of their traditional subsistence economy founded on wet-padi-cultivation supplemented by fishing. The rivers and coastal water-ways provided lines of communication.

This low-value subsistence economy was of little interest to the commercially-minded British. They were concerned with the extraction of wealth in the form of the tin and rubber which could be sent to feed the burgeoning industries of the metropolitan country. Thus, the seeds of Peninsular Malaysia's dependence on the export of primary commodities - tin and rubber especially - as a source of wealth were sown. This dependence has persisted to the present day.

Table 3.1 shows that in 1957 the tin and rubber industries together provided 79.9% of the total value of Peninsular Malaysia's exports. Consequently, the regional distributions of the exogenous, export-oriented tin and rubber industries in particular - and of manufacturing to a lesser extent - provide a firm measure of the spatial distribution of wealth at independence. The tin, rubber and manufacturing industries provide the first measurable component of the spatial distribution of social and economic development in 1957.

TABLE 3.1

Peninsular Malaysia

VALUE OF EXPORT COMMODITIES, 1957

COMMODITY	VALUE	
	M\$ Millions	%
Rubber (all types)	1,304.2	59.8
Tin (in concentrates, blocks, ingots, etc.)	439.5	20.1
(sub-total)	(1,743.7)	(79.9)
Iron Ore	65.6	3.0
Food, Beverages and Tobacco	96.6	4.4
Copra and Coconut Oil	57.1	2.6
Palm Oil and Kernels	51.3	2.4
Wood, Timber and Cork	32.2	1.5
Other Commodities ^(a)	135.7	6.2
TOTAL	2,182.2	100.0

(a) includes ships and aircraft stores.

Source: adapted from Federation of Malaya, 1958, p.120, Table B,
Federation of Malaya - Exports by Commodity for the Years
1956 and 1957.

Since the first major 'tin rush' following the discovery of the rich Larut field in 1848, tin has dominated the mining economy of Peninsular Malaysia. Tin is widespread in the peninsula, although there is uneven distribution of the richest deposits. Figure 3.3 shows the distribution of tin deposits in Peninsular Malaysia about 1957. Two main stanniferous zones may be identified, a western tin-belt and an eastern tin-belt.

The larger and richer western tin-belt has two main zones of mineralization. In the State of Perak there are the famous Kinta Valley fields, and further south an extensive area of primary and secondary tin deposits is shared by Selangor, Negri Sembilan, and parts of south-western Pahang. The less rich eastern tin-belt stretches discontinuously from eastern Kelantan in the north, through eastern Trengganu and eastern Pahang (which contains the richest portion) to eastern Johore in the south.

Table 3.2 gives details of Peninsular Malaysia's tin production by State in three selected years. Examination of Table 3.2 shows that at about independence (that is, in 1958) the West Coast States were responsible for 95.8% of Peninsular Malaysia's tin production. Indeed, the two States of Perak and Selangor alone were responsible for nearly all (91.1%) of the country's output of tin. The data for 1929 and 1939 reveal that the dominance enjoyed by the West Coast in general and by Perak and Selangor in particular had a firm historical basis. Comparison of the data presented in Table 3.2 and the distribution depicted in Figure 3.3 shows that Perak and Selangor held their premier position by virtue of their advantage with regard to the location of stanniferous ores.

Fig 3.3 PENINSULAR MALAYSIA. DISTRIBUTION OF TIN FIELDS, about 1957



Source: Ooi Jin Bee, 1963, p.298, Figure 59, Distribution of tin fields

Table 3.2

Peninsular Malaysia

PERCENTAGE TIN PRODUCTION BY
STATE, 1929, 1939, AND 1958

STATE OR SETTLEMENT	PERCENTAGE OF TOTAL PRODUCTION		
	1929	1939	1958
Penang ^(a)	-	-	-
Perak	61.7	56.6	56.2
Selangor	28.1	32.7	34.9
CENTRAL WEST COAST	89.8	89.3	91.1
Negri Sembilan	2.7	2.8	2.0
Malacca	0.4	0.4	0.2
Johore	0.9	1.8	1.0
SOUTH-WEST COAST	4.0	5.0	3.2
Kedah	0.4	-	0.7
Perlis	0.6	1.4	0.8
NORTH-WEST COAST	1.0	1.4	1.5
WEST COAST	94.8	95.7	95.8
Pahang	4.2	3.7	3.8
Kelantan ^(b)	-	-	-
Trengganu	1.4	1.0	0.2
EAST COAST	5.6	4.7	4.0
Peninsular Malaysia ^(c)	100.0	100.0	100.0

(a), (b) Penang and Kelantan were not tin-producing States.

(c) In tons the total production figures were: 1929 72,355
1939 46,745
1958 38,459

Source: adapted from Lim Chong Yah, 1967, Table 2.16, Tin Production by State 1929, 1939 and 1958.

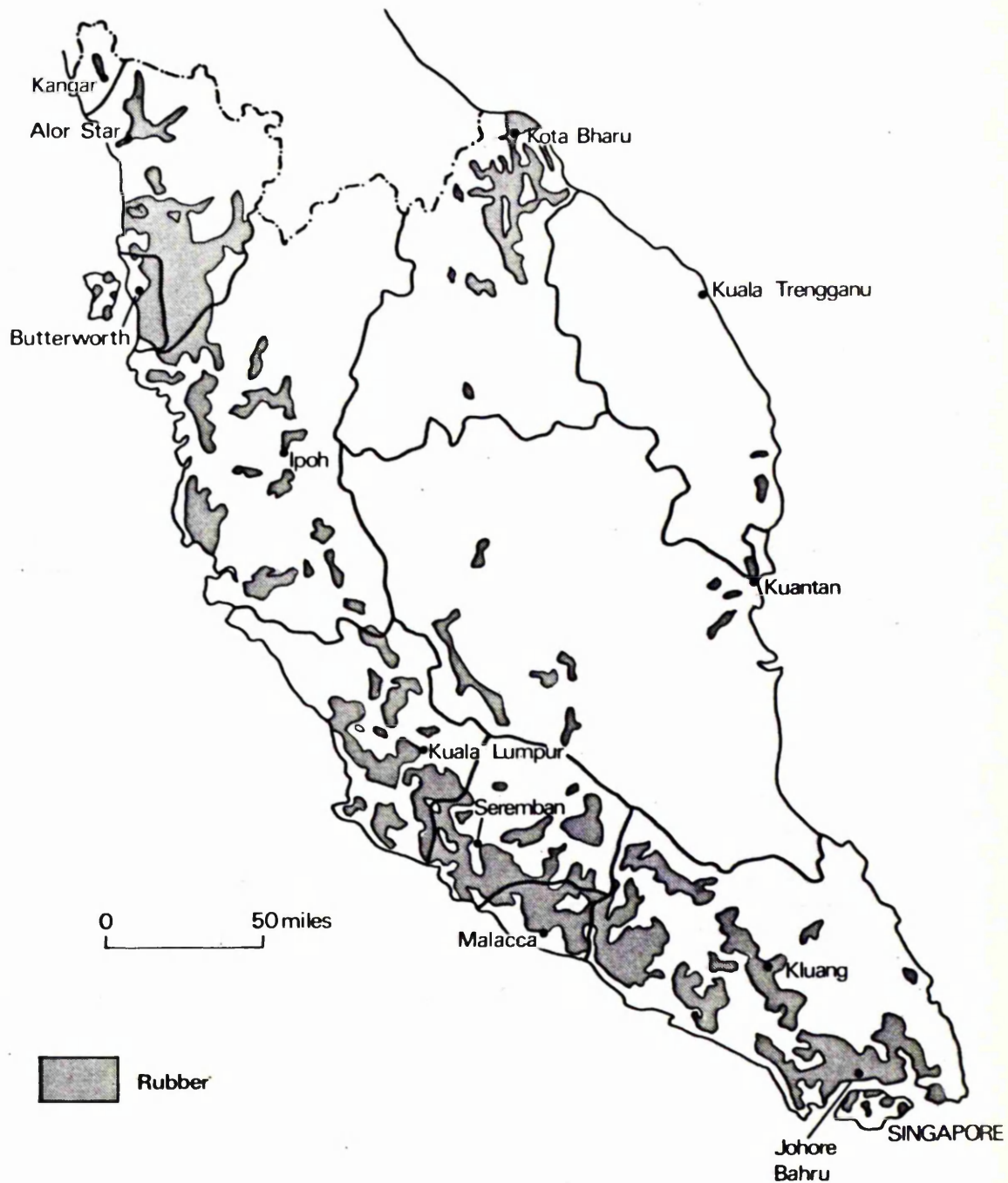
Rubber (Hevea Brasiliensis) was first cultivated successfully in the region in 1877, the first commercial estate in Malaya being planted in Malacca in 1898. The growth of the rubber industry accelerated swiftly due to the surge of demand for rubber caused by the rapid expansion of the world's motor-vehicle and electrical industries, coupled with the decline of other Malayan estate crops - such as coffee, sugar-cane, pepper and other spices - as a result of disease, pests, and overseas competition.

As it expanded, the rubber industry gravitated to those States in which the tin industry had become established. In this way advantage could be taken of the population and the infrastructure - especially the transport facilities - already present in these States due to the prior development of the tin industry.⁽⁷¹⁾

Figure 3.4 shows the distribution of rubber estates in Peninsular Malaysia about 1957. Table 3.3 gives details of Peninsular Malaysia's rubber acreage in 1953. Examination of Table 3.3 in conjunction with Figure 3.4 shows clearly that the rubber industry was confined largely to the States of the western littoral. Figure 3.4 depicts graphically the concentration of rubber in States such as Kedah, Perak, Selangor, Negri Sembilan and Johore. Table 3.3 shows that in 1953 the West Coast States had between them 88.7% of Peninsular Malaysia's rubber acreage. Indeed, almost all (92.1%) of the estate rubber acreage was in the West Coast, with some 81.0% (34.0% + 47.0%) contained in the western coastal strip between Penang and Johore inclusive.⁽⁷²⁾

Tin and rubber together formed the backbone of Peninsular Malaysia's economy in 1957. Both these industries were labour-

Fig 3.4. PENINSULAR MALAYSIA. DISTRIBUTION OF RUBBER ESTATES, about 1957



Source: Ooi Jin Bee, 1963, p.216, Fig. 52, Distribution of rubber.

TABLE 3.3
Peninsular Malaysia

ESTATE AND SMALL-HOLDING RUBBER ACREAGE BY STATE, 1953

STATE	P L A N T E D A R E A					
	ESTATES		SMALL-HOLDINGS ^(a)		TOTAL	
	'000 acres	%	'000 acres	%	'000 acres	%
Penang	38.6	1.9	29.6	1.7	68.2	1.8
Perak	296.5	14.6	311.5	18.3	608.0	16.3
Selangor	354.9	17.5	186.2	11.0	541.1	14.5
CENTRAL WEST COAST	690.0	34.0	527.3	31.0	1,217.3	32.6
Negri Sembilan	286.5	14.1	131.1	7.7	417.6	11.2
Malacca	129.9	6.4	89.0	5.2	218.9	5.9
Johore	538.0	26.5	540.5	31.8	1,078.5	28.9
SOUTH-WEST COAST	954.4	47.0	760.6	44.7	1,715.0	46.0
Kedah	223.4	11.0	146.1	8.6	369.5	9.9
Perlis	1.9	0.1	4.9	0.3	6.8	0.2
NORTH-WEST COAST	225.3	11.1	151.0	8.9	376.3	10.1
WEST COAST	1,869.7	92.1	1,438.9	84.6	3,308.6	88.7
Pahang	105.5	5.2	126.0	7.4	231.5	6.2
Kelantan	37.9	1.9	83.5	4.9	121.4	3.3
Trengganu	16.5	0.8	49.3	2.9	65.8	1.8
EAST COAST	159.9	7.9	258.8	15.2	418.7	11.3
Peninsular Malaysia	2,029.6	100.0	1,697.7	100.0	3,727.3	100.0

(a) defined as units of less than 100 acres.

Source: adapted from Lim Chong Yah, 1967, Appendix 4.4, Malayan Rubber Planted Areas, State Distribution and Growth, 1922 - 62, Selected Years.

intensive, and could therefore provide the relatively small Malayan population with employment opportunities. Neither rubber nor tin lent itself easily to a programme of heavy industrialisation, the paucity of coal being an additional disadvantage in this respect. Consequently, manufacturing and industrial activity at the time of independence were restricted mainly to the support of the tin and rubber industries and of the populations associated with them.

Thus, the reliance of manufacturing and industry upon the export industries and the populations associated with them had restricted industrial development by about 1957 largely to those States with well developed tin and rubber sectors. This is indicated clearly in Table 3.4, which shows that in 1959 the bulk of manufacturing activity (measured by the distribution of factories) was located in the West Coast States, with a concentration in Penang, Perak and Selangor. Table 3.4 shows that these Central West Coast States contained 58.2% of factories in 1959, with most of the remainder (31.7% of the total) in the other West Coast States. Thus the West Coast States between them contained 4,500 (89.9%) of Peninsular Malaysia's 5,004 factories in 1959. The three East Coast States could muster only 504 factories (10.1% of the total).

The wealth-generating activities (tin-mining, rubber and manufacturing) brought to Peninsular Malaysia certain 'advantages and fruits' of development. These have been defined above as employment, income, physical infrastructure, and the services and social infrastructure associated with urban areas. Just as the regional distribution of the wealth-generating activities provided the first measurable component of the spatial distribution of social and economic

TABLE 3.4
Peninsular Malaysia

DISTRIBUTION OF FACTORIES BY STATE, 1959

STATE OR SETTLEMENT	FACTORIES (a)	
	Number	%
Penang ^(b)	724	14.5
Perak	1,113	22.2
Selangor	1,077	21.5
CENTRAL WEST COAST	2,914	58.2
Negri Sembilan	237	4.7
Malacca	178	3.6
Johore	610	12.2
SOUTH-WEST COAST	1,025	20.5
Kedah	517	10.3
Perlis	44	0.9
NORTH-WEST COAST	561	11.2
WEST COAST	4,500	89.9
Pahang	259	5.2
Kelantan	194	3.9
Trengganu	51	1.0
EAST COAST	504	10.1
Peninsular Malaysia	5,004	100.0

(a) establishments devoted exclusively to manufacturing activities.

(b) including Province Wellesley.

Source: adapted from Ooi Jin Bee, 1963, Table 54, Distribution of Factories by State, 1959.

development in 1957, so the regional distribution of the 'advantages and fruits' of development serves as the second measurable component of the spatial distribution of socio-economic development at that time.

Data for the regional distribution of employment and income in 1957 are not readily available, and the spatial distribution of favourable employment levels and of high incomes is difficult to determine. However, in 1957 employment and income levels differed markedly from one industrial sector to another, and between types of economic activity within a particular sector. Thus, the regional distribution of employment and income may be inferred from an analysis of the regional distribution of different sectors and activities, coupled with knowledge of the levels of employment and income which might be expected in each sector.

In 1957 comparatively high levels of employment and income were associated with the wealth-generating part of the primary sector (tin-mining and commercial agriculture) and with the more productive parts of the secondary and tertiary sectors (manufacturing, commerce and higher-level government employment). Comparatively low levels of employment and income were to be expected in the remainder of the primary sector, especially in low-productivity activities such as subsistence agriculture (padi-farming and the traditional fishing industry), and in low-productivity secondary and tertiary activities (petty trading, hawking, traditional craft activities and domestic service).

Table 3.5 shows the percentage of economically active persons by main industrial sector and by State in 1957. Table 3.6 reveals

each State's share of all those persons economically active in each main industrial sector in 1957. A measure of the spatial distribution of employment and income in 1957 may be inferred by study of these two Tables.

Table 3.5 reveals that primary sector employment was dominant in Peninsular Malaysia in 1957. In that year 1,291,231 (62.9%) of Peninsular Malaysia's 2,052,811 economically active persons were in primary sector activities, with 200,947 (9.8%) and 560,633 (27.3%) in secondary and tertiary sector activities. However, there were several important contrasts between the States. The West Coast States averaged 60.0% of workers in the primary sector, whereas the equivalent figure for the East Coast States was 74.7%. Indeed, one West Coast State - Penang - had less than one-third (31.8%) of its workers employed in the primary sector, and the State with the highest number of economically active persons - Selangor - had just less than half (48.7%) of its workers in primary sector activities. Table 3.5 reveals also the corollary that secondary and tertiary sector activities - especially the latter - were enjoyed by West Coast States rather than by East Coast States. The 'core' States of the Central West Coast had an average of 35.1% of economically active persons in the tertiary sector, Penang having just over half (51.8%) of its economically active persons in this sector. The West Coast as a whole averaged nearly one-third (29.7%) of its workers in the tertiary sector, whereas the East Coast States averaged less than one-fifth (17.5%) of their economically active persons in tertiary sector activities.

Table 3.6 reflects the distribution patterns indicated in Table

TABLE 3.5
 Peninsular Malaysia
 PERCENTAGE OF ECONOMICALLY ACTIVE PERSONS BY MAIN INDUSTRIAL
 SECTOR AND BY STATE, 1957

STATE	ECONOMICALLY ACTIVE PERSONS	I N D U S T R I A L S E C T O R						TOTAL
		PRIMARY(a)		SECONDARY(b)		TERTIARY(c)		
		Number	%	Number	%	Number	%	
Penang Perak Selangor	155,288	49,347	31.8	25,472	16.4	80,469	51.8	100.0
	393,786	247,584	62.9	37,403	9.5	108,799	27.6	100.0
	323,757	157,526	48.7	48,832	15.1	117,399	36.3	100.0
CENTRAL WEST COAST	872,831	454,457	52.1	111,707	12.8	306,667	35.1	100.0
Negri Sembilan Malacca Johore	130,671	87,124	66.7	10,200	7.8	33,347	25.5	100.0
	80,790	42,881	53.1	10,859	13.4	27,050	33.5	100.0
	293,782	195,707	66.6	22,078	7.5	75,997	25.9	100.0
SOUTH-WEST COAST	505,243	325,712	64.5	43,137	8.5	136,394	27.0	100.0
Kedah Perlis	239,561	183,869	76.8	13,340	5.6	42,352	17.7	100.0
	31,924	26,133	81.9	1,277	4.0	4,514	14.1	100.0
NORTH-WEST COAST	271,485	210,002	77.4	14,617	5.4	46,866	17.3	100.0
WEST COAST	1,649,559	990,171	60.0	169,461	10.3	489,927	29.7	100.0
Pahang Kelantan Trengganu	119,686	86,910	72.6	7,845	6.6	24,931	20.8	100.0
	188,899	146,628	77.6	13,154	6.7	29,117	15.4	100.0
	94,667	67,522	71.3	10,487	11.1	16,658	17.6	100.0
EAST COAST	403,252	301,060	74.7	31,486	7.8	70,706	17.5	100.0
Peninsular Malaysia	2,052,811	1,291,231	62.9	200,947	9.8	560,633	27.3	100.0

Table 3.5:

- (a) Primary industries included agriculture, forestry, hunting and fishing; the production of agricultural products requiring substantial processing (mainly rubber, coconuts and copra); and mining and quarrying (especially production of tin).
- (b) Secondary industries were mainly manufacturing industries (especially food and fodder processing, wood products, production of footwear, clothing and textiles, and general engineering); and building and construction activities.
- (c) Tertiary industries were utilities (electricity, gas and water); commerce (both retail and wholesale); transport, storage and communications; and services (government, community and personal).

Source: adapted from Ma and You Poh Seng, 1960, Table VIII, Federation of Malaya, 1957 - Per Cent Analysis of the Economically Active in the Primary Industries Sector by Industries, for Each Major Ethnic Group in Each State; Table IX, Federation of Malaya, 1957 - Per Cent Analysis of the Economically Active in the Secondary Industries Sector by Industries, for Each Major Ethnic Group in Each State; and Table X, Federation of Malaya, 1957 - Per Cent Analysis of the Economically Active in the Tertiary Industries Sector by Industries, for Each Major Ethnic Group in Each State.

3.5. Primary sector activities are again revealed as paramount in Peninsular Malaysia, and the discrepancies in the distributions of primary, secondary and tertiary activities between the West Coast and the East Coast are repeated. Table 3.6 shows that over three-quarters (76.5%) of persons economically active in the primary sector were in West Coast States, with the remainder (23.3%) in States of the East Coast. Even more noticeable is the concentration of secondary and tertiary sector workers in the West Coast. The West Coast States contained 84.3% of secondary and 87.4% of tertiary sector workers. Indeed, over half of Peninsular Malaysia's secondary sector (55.6%) and tertiary sector (54.7%) workers were located in the 'core' States of the Central West Coast in 1957.

It may be deduced from these sources that in 1957 the Central West Coast States of Penang, Perak and Selangor contained most of the employment in the wealth-generating parts of the primary sector and in the comparatively productive secondary and tertiary sectors, whereas the economies of the peripheral States - notably Pahang, Kelantan and Trengganu - depended largely on the least productive primary, secondary and tertiary activities (for example, padi-farming, traditional fishing, batik manufacture, handicrafts, and petty trading). The inference to be drawn is that greater employment opportunities and higher income levels were more likely to be attainable in the States of the Central West Coast 'core' - Penang, Perak and Selangor - than elsewhere in 1957. The East Coast States occupied the lowest positions.

The items of physical infrastructure of importance in Peninsular Malaysia at independence were those items which facilitated social and economic development. The most important in this respect were transport and communications, and power supplies.

TABLE 3.6

Peninsular Malaysia

PERCENTAGE SHARES BY STATE OF ALL PERSONS ECONOMICALLY
ACTIVE IN EACH MAIN INDUSTRIAL SECTOR, 1957

STATE	INDUSTRIAL SECTOR					
	PRIMARY(a)		SECONDARY(b)		TERTIARY(c)	
	Number	%	Number	%	Number	%
Penang	49,347	3.8	25,472	12.7	80,469	14.4
Perak	247,584	19.2	37,403	18.6	108,799	19.4
Selangor	157,526	12.1	48,832	24.3	117,399	20.9
CENTRAL WEST COAST	454,457	35.2	111,707	55.6	306,667	54.7
Negri Sembilan	87,124	6.7	10,200	5.1	33,347	5.9
Malacca	42,881	3.3	10,859	5.4	27,050	4.8
Johore	195,707	15.2	22,078	11.0	75,997	13.6
SOUTH-WEST COAST	325,712	25.2	43,137	21.5	136,394	24.3
Kedah	183,869	14.2	13,340	6.6	42,352	7.6
Perlis	26,133	2.0	1,277	0.6	4,514	0.8
NORTH-WEST COAST	210,002	16.2	14,617	7.2	46,866	8.4
WEST COAST	990,171	76.6	169,461	84.3	489,927	87.4
Pahang	86,910	6.7	7,845	3.9	24,931	4.4
Kelantan	146,628	11.4	13,154	6.5	29,117	5.2
Trengganu	67,522	5.2	10,487	5.2	16,658	3.0
EAST COAST	301,060	23.3	31,486	15.6	70,706	12.6
Peninsular Malaysia	1,291,231	100.0	200,947	100.0	560,633	100.0

(a) Primary industries included agriculture, forestry, hunting and fishing; the production of agricultural products requiring substantial processing (mainly rubber, coconuts and copra); and mining and quarrying (especially production of tin).

(b) Secondary industries were mainly manufacturing industries (especially food and fodder processing, wood products, production

of footwear clothing and textiles, and general engineering); and building and construction activities.

- (c) Tertiary industries were utilities (electricity, gas and water); commerce (both retail and wholesale); transport, storage and communications; and services (government, community and personal).

Source: Adapted from Ma and You Poh Seng, 1960, Table VIII, Federation of Malaya, 1957 - Per Cent Analysis of the Economically Active in the Primary Industries Sector by Industries, for Each Major Ethnic Group in Each State; Table IX, Federation of Malaya, 1957 - Per Cent Analysis of the Economically Active in the Secondary Industries Sector by Industries, for Each Major Ethnic Group in Each State; and Table X, Federation of Malaya, 1957 - Per Cent Analysis of the Economically Active in the Tertiary Industries Sector by Industries, for Each Major Ethnic Group in Each State.

The basic transport and communications pattern of Peninsular Malaysia at independence had evolved as a result of the prior development of the ports of Penang and Singapore. Prior to 1885 the sea and navigable rivers had been the primary means of transport and communication. Land transport had been developed in response to the British need for access to the main tin- and rubber-producing areas of the West Coast States.

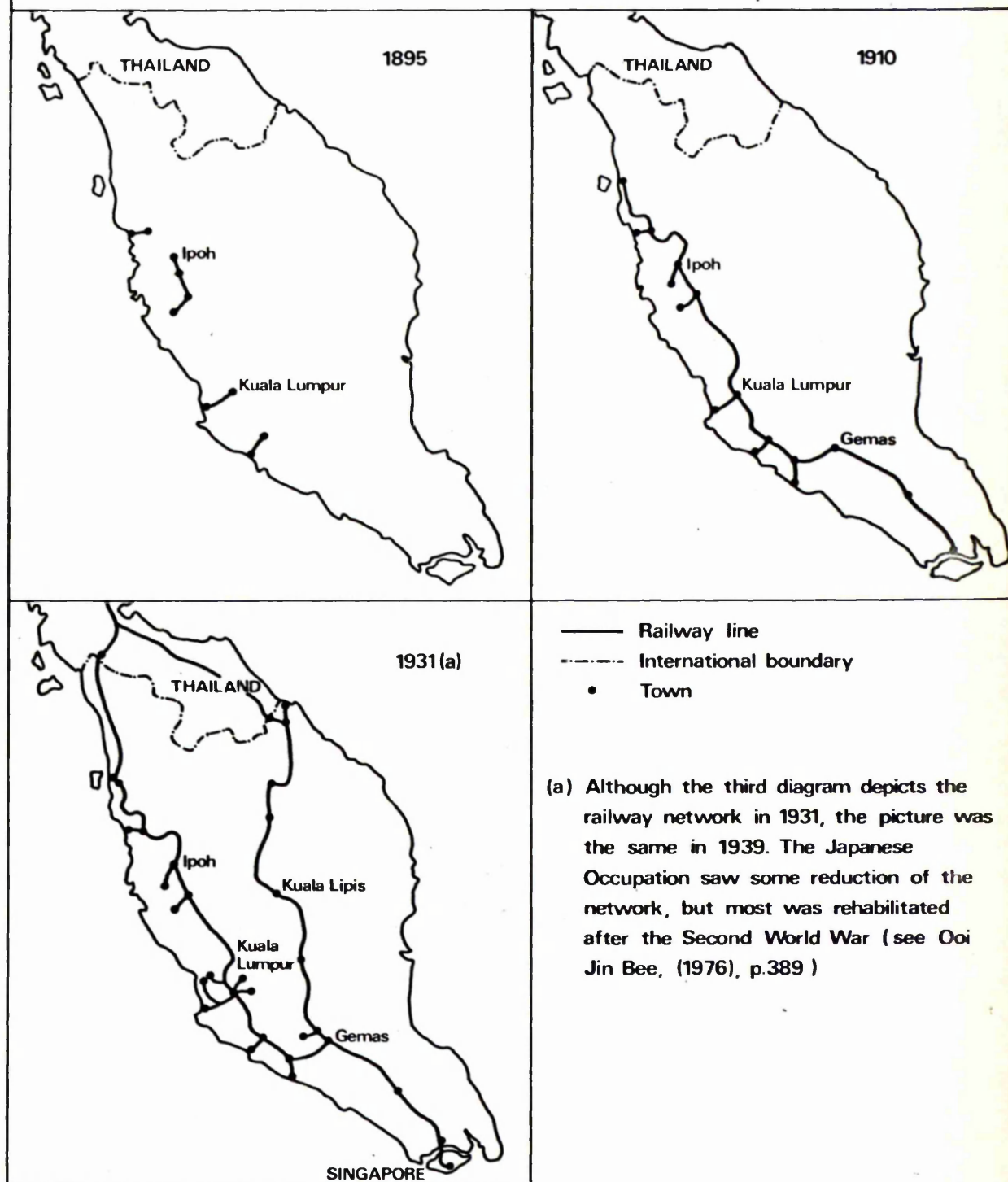
The rail-way network started as a number of short lines built between the main tin-mining areas and the West Coast to facilitate the export of the mines' products. The main stages in the development of the rail-way network prior to the Second World War are summarized in Figure 3.5.

Road construction began in earnest only after the introduction of the motor-car to Malaya in 1902. Early development followed the same lines as that of the rail-way. However, the greater flexibility of road transport made it more suitable than the rail-way for linking more distant parts of the peninsula to the West Coast. Consequently, by the Second World War the road network had developed to the stage summarized by Figure 3.6.

The overall transport network of Peninsular Malaysia in 1957 is summarized in Figure 3.7. Figure 3.7 shows clearly that the West Coast States were served much better with transport than were the East Coast States.

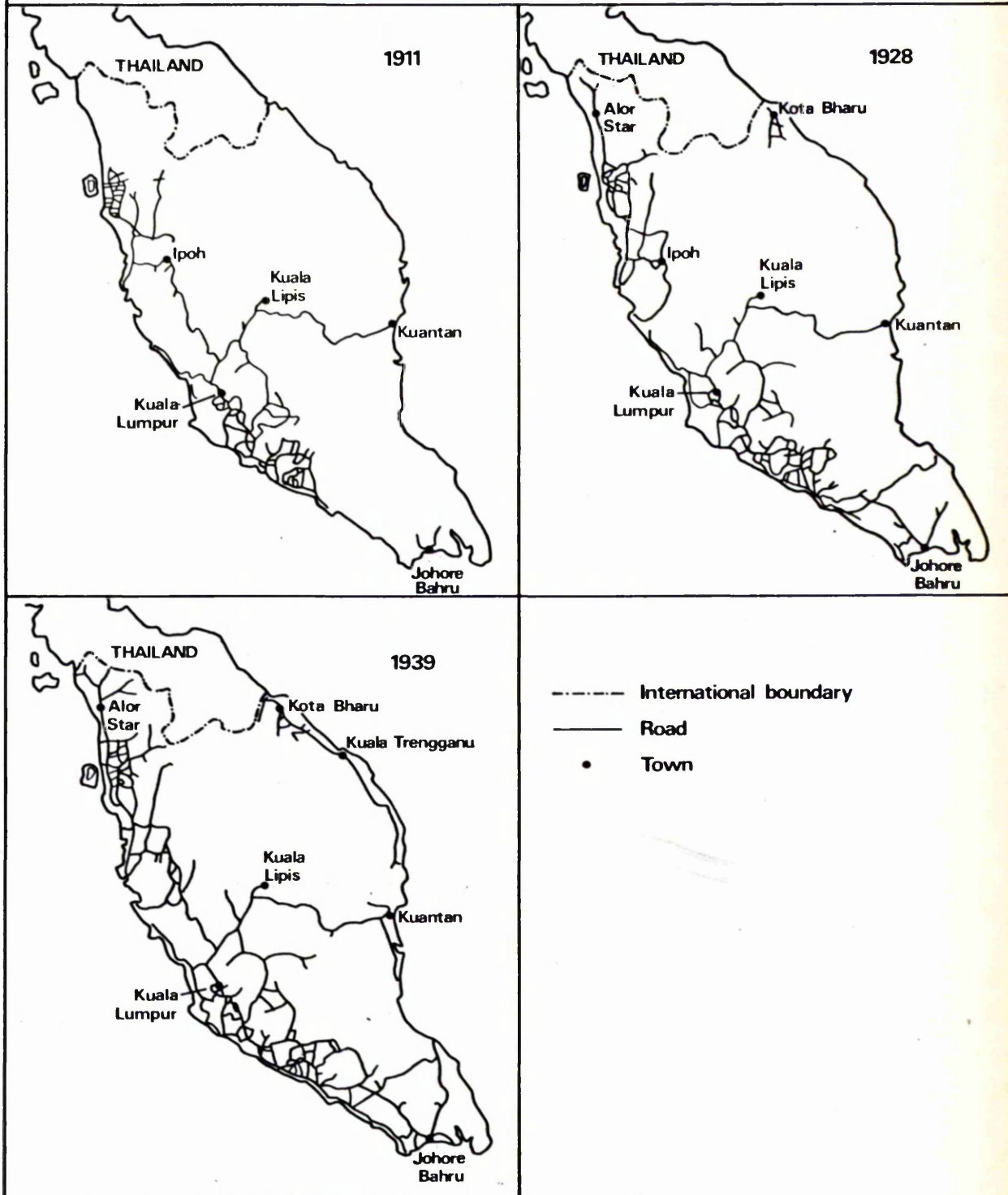
In 1957, the provision of power supplies in the form of electricity reflected the distribution of the transport and communications network. The early growth of electricity generation was based on the European tin-mining industry. The pattern set by the tin-mining

Fig. 3.5 PENINSULAR MALAYSIA. DEVELOPMENT OF RAILWAY NETWORK UP TO 1939



Source: Adapted from Ooi Jin Bee, (1976), p.388, Figure 15.1, The Evolution of the Rail Network

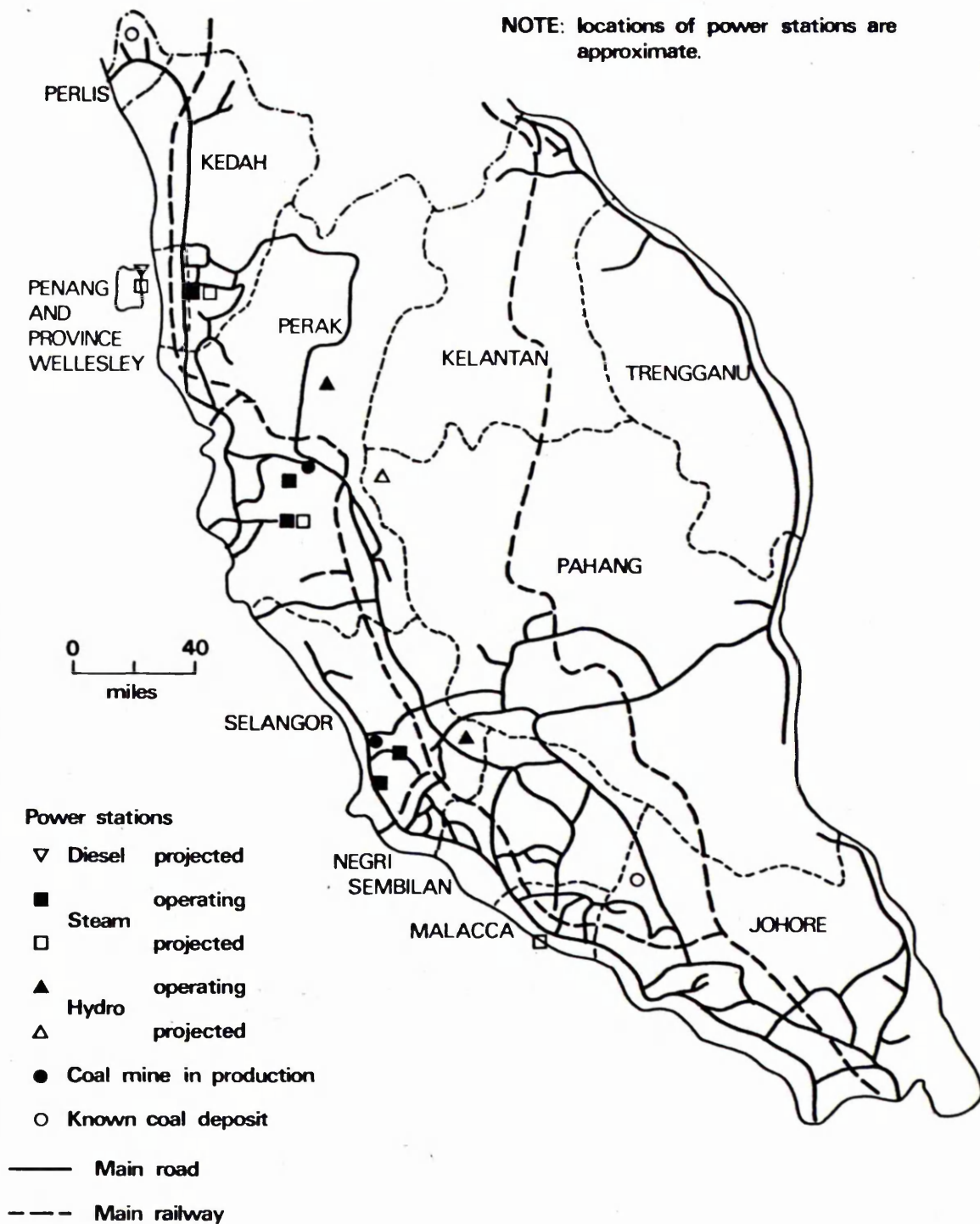
Fig. 3.6 PENINSULAR MALAYSIA. DEVELOPMENT OF ROAD NETWORK UP TO 1939



Source: Adapted from Ooi Jin Bee, (1976), p.391, Figure 15.2, The Evolution of the Road Network

Figure 3.7 PENINSULAR MALAYSIA. PHYSICAL INFRASTRUCTURE MAIN TRANSPORT AND COMMUNICATIONS NETWORK AND MAJOR SOURCES OF POWER, 1957

NOTE: locations of power stations are approximate.



Source: Ooi Jin Bee, 1963, p.356, Fig.15.3 Rail Network 1957
 p.359, Fig.15.4 Road Network 1957
 p.327, Fig.14.1 Minerals
 Federation of Malaya, 1958, p.348

industry was reinforced after the Second World War, although the importance of mining as a consumer of electricity diminished during the 1950s.

In 1957, by far the greatest demand for electricity was in the western littoral, and this is reflected by the regional distribution of electricity generating capacity. Table 3.7 details the major suppliers of electricity in 1957, and the main uses to which electricity was diverted. Figure 3.7 depicts the major operating and projected power-stations in Peninsular Malaysia in 1957.

The regional distribution in Peninsular Malaysia of urban areas and their associated infrastructure and services was another indicator of the spatial distribution of social and economic development in 1957. First, 'advantages and fruits' of development such as piped water, mains sewerage, street lighting, 'bus services, postal services, and telephones, banks and shopping facilities were the virtual prerogative of urban areas. Second, the distribution of educational and medical infrastructure in 1957 correlated highly with that of urban areas.

The data in Table 3.8 reveal the distribution by State of towns in two size classes in Peninsular Malaysia in 1957.⁽⁷³⁾ Table 3.8 shows that 83.3% of all towns over 1,000 population in 1957 were to be found in West Coast States, with a marked concentration (48.9%) in the 'core' area encompassing Penang, Perak and Selangor. Table 3.8 shows also that the East Coast States contained only 17.1% of all Peninsular Malaysia's towns with a population of 1,000 persons or greater. Also, 59 (86.8%) of the 68 towns in the East Coast were in the lower size category, 1,000 to 10,000 persons.

TABLE 3.7

Peninsular Malaysia

PRINCIPAL SOURCES AND DESTINATIONS OF ELECTRICITY SUPPLIES, 1957

PRINCIPAL UNDERTAKINGS	CAPACITY OF GENERATING PLANT (MW)	UNITS GENERATED IN 1957 (KWH MILLIONS)	U N I T S S O L D									
			BULK SALES TO UNDERTAKINGS IN THE FEDERATION		TIN MINES		INDUSTRIAL & COMMERCIAL		LIGHTING & DOMESTIC		TOTAL	
			KWH Millions	%	KWH Millions	%	KWH Millions	%	KWH Millions	%	KWH Millions	%
Central Electricity Generating Board	133.82 ^(a)	419.08 ^(b)	-	0.0	148.7	30.8	163.4	84.8	84.4	64.7	396.5	45.4
Perak River Hydro- Electric Company Limited	81.5	444.47	57.74	85.6	333.68	69.2	-	0.0	-	0.0	391.42	44.8
The Kinta Electri- cal Distribution Company Limited	0.84	2.133 ^(c)	-	0.0	-	0.0	5.90	3.1	12.70	9.7	18.60	2.1
Penang Municipality	37.5	60.062	9.75	14.4	-	0.0	19.7	10.2	21.29	16.3	50.74	5.8
Huttenbacks Limited	4.421	11.50 ^(d)	-	0.0	-	0.0	3.682	1.9	12.094	9.3	15.776	1.8
TOTAL	258.081	937.245	67.49	100.0	482.38	100.0	192.682	100.0	130.484	100.0	873.036	100.0

(a) excludes 2,975 KW of generating plant installed in Government New Villages.

(b), (c) and (d): additional units were purchased from sources inside and outside Peninsular Malaysia. The CEGB purchased 55.7 KWH Millions; the KEDC Ltd. purchased 19.33 KWH Millions; Huttenbacks purchased 6.88 KWH Millions.

Source: adapted from Federation of Malaya, 1958, p.349, Table showing Principal Electricity Supply Undertakings as at 31st December, 1957.

TABLE 3.8

Peninsular Malaysia

DISTRIBUTION OF TOWNS IN TWO SIZE CLASSES BY STATE, 1957

STATE OR SETTLEMENT	TOWNS WITH 1,000 TO 10,000 PERSONS		TOWNS WITH 10,000 OR MORE PERSONS		TOTAL	
	Number	%	Number	%	Number	%
Penang	17	4.7	4	10.5	21	5.3
Perak	100	27.6	9	23.7	109	27.3
Selangor	60	16.6	5	13.2	65	16.3
CENTRAL WEST COAST	177	48.9	18	47.4	195	48.9
Negri Sembilan	24	6.6	2	5.3	26	6.5
Malacca	7	1.9	1	2.6	8	2.0
Johore	60	16.6	5	13.2	65	16.3
SOUTH-WEST COAST	91	25.1	8	21.1	99	24.8
Kedah	32	8.8	3	7.9	35	8.8
Perlis	3	0.8	0	0.0	3	0.8
NORTH-WEST COAST	35	9.6	3	7.9	38	9.6
WEST COAST	303	83.6	29	76.4	332	83.3
Pahang	23	6.4	4	10.5	27	6.8
Kelantan	21	5.8	2	5.3	23	5.8
Trengganu	15	4.1	3	7.9	18	4.5
EAST COAST	59	16.3	9	23.7	68	17.1
Peninsular Malaysia	362	100.0	38	100.0	400	100.0

Source: adapted from Kernial Singh Sandhu, 1961, Table 5, Distribution of Towns in Malaya, 1947 to 1957.

Table 3.9 presents the distribution of urban centres and of urban population in Peninsular Malaysia in 1957 if an 'urban' criterion of 5,000 population or greater is adopted. If this second criterion is used, then 69 (82.2%) of Peninsular Malaysia's 84 urban places were in West Coast States, 47 (55.9%) in the Central West Coast States alone. Thus Table 3.9 shows a pattern akin to that revealed in Table 3.8 with respect to the distribution of urban centres by State. More significant were the urbanisation levels of the populations of the States. Table 3.9 shows clearly that the inhabitants of the Central West Coast States - Penang (58.7%), Perak (33.4%), and Selangor (49.9%) - were more urbanised than those of other States. The East Coast States - with 20.1% of their population urban - occupied essentially a position between those of the South-West Coast (25.5% urban) and the North-West Coast (13.2% urban). It may be concluded from these data that in 1957 the populations of the Central West Coast States had much greater access than those of the peripheral States to the 'advantages and fruits' of development as defined above. Figure 3.8 illustrates the spatial distribution of urban areas revealed by the data in Table 3.9.

The regional distribution of educational and medical infrastructure about 1957 mirrored the unbalanced spatial distribution of urban areas. Consequently, provision of both education and medical care was not uniform throughout the peninsula. The spatial distribution of educational and medical infrastructure within Peninsular Malaysia about 1957 may be inferred from the data presented in Tables 3.10, 3.11 and 3.12, and from Figure 3.9.⁽⁷⁴⁾

Table 3.10 implies that educational infrastructure was not distributed evenly throughout Peninsular Malaysia in 1953. Primary

TABLE 3.9

Peninsular Malaysia

DISTRIBUTION OF URBAN AREAS AND OF URBAN
POPULATION BY STATE, 1957(a)

STATE OR SETTLEMENT	TOTAL POPULATION	DISTRIBUTION OF URBAN AREAS BY STATE 1957		LEVEL OF URBAN- IZATION OF STATE POPULATION 1957	
		Number	% ^(b)	Number ^(c)	% ^(d)
Penang	572,132	6	7.1	336,026	58.7
Perak	1,221,390	25	29.8	407,552	33.4
Selangor	1,012,891	16	19.0	505,038	49.9
CENTRAL WEST COAST	2,806,413	47	55.9	1,248,616	44.5
Negri Sembilan	364,331	3	3.6	69,443	19.1
Malacca	291,246	1	1.2	69,851	24.0
Johore	927,565	13	15.5	263,899	28.5
SOUTH-WEST COAST	1,583,142	17	20.3	403,193	25.5
Kedah	701,643	4	4.8	98,654	14.1
Perlis	90,866	1	1.2	6,065	6.7
NORTH-WEST COAST	792,509	5	6.0	104,719	13.2
WEST COAST	5,182,064	69	82.2	1,756,528	33.9
Pahang	312,949	6	7.1	84,883	27.1
Kelantan	505,585	6	7.1	82,935	16.4
Trengganu	278,165	3	3.6	52,834	19.0
EAST COAST	1,096,699	15	17.8	220,652	20.1
Peninsular Malaysia	6,278,763	84	100.0	1,977,180	31.5

(a) 'urban' defined as population 5,000 or greater.

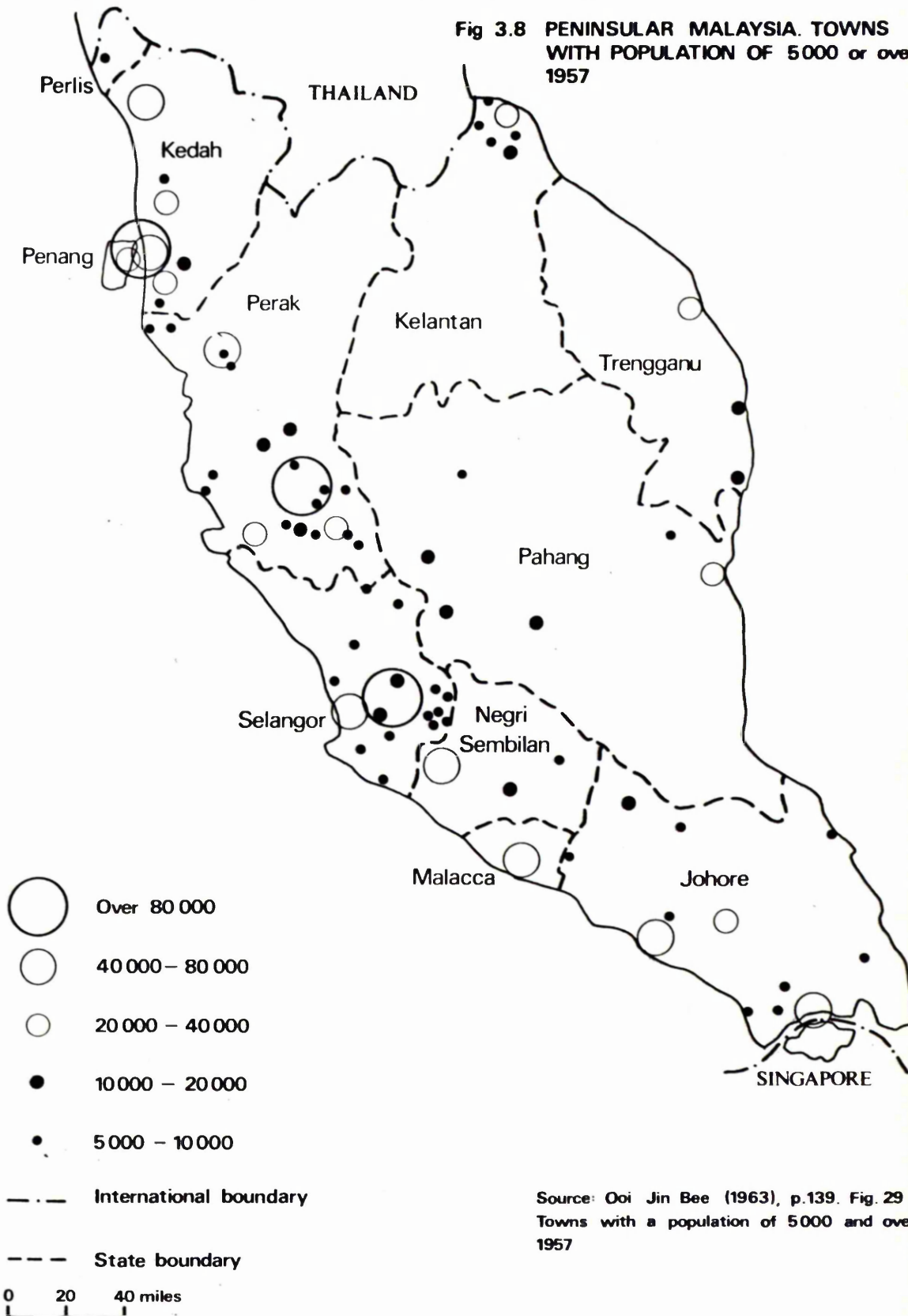
(b) State's share of urban centres as a percentage of urban centres in Peninsular Malaysia.

(c) Total urban population.

(d) percentage of urban to total population.

Source: adapted from Ooi Jin Bee, 1963, Table 17, Distribution of the Urban Population, Malaya, 1957.

Fig 3.8 PENINSULAR MALAYSIA. TOWNS WITH POPULATION OF 5000 or over, 1957



Source: Ooi Jin Bee (1963), p.139. Fig. 29
Towns with a population of 5000 and over,
1957

school enrolments as a proportion of estimated primary school age population were greater in the 'core' States of the Central West Coast than in the peripheral States. The proportions of primary school enrolments ranged from a high of 66.8% in Selangor to a low of 49.2% in Kelantan. The average figure for all the West Coast States was 62.3%, although the more peripheral States of the West Coast were somewhat below this average. In particular, Kedah - with only 50.9% of those eligible commencing primary level education - exhibited a figure rather worse than the average for the three East Coast States (56.5%). The data reveal that more children in the West Coast States (62.3%) than in the East Coast States (56.5%) were enrolled into primary education, although the differential is not an exaggerated one.

The differential about 1957 with regard to secondary education was much more marked than was the case with primary education. Table 3.10 shows that secondary school enrolments as a proportion of secondary 'educative population' ranged from a high of 71.9% in Penang to a low of only 5.3% in Trengganu. Just over half (51.9%) of the secondary 'educative population' of the Central West Coast States proceeded to secondary education, and the figure for the West Coast as a whole was 38.2%. This statistic was achieved despite the fact that the two States of the North-West Coast - Kedah and Perlis - each reveal figures below the average noted for the East Coast States (10.7%). The East Coast's average is raised by the relatively good score for Pahang, a former Federated Malay State.

The regional distribution of medical infrastructure about 1957 painted a picture similar to that for the distribution of educational infrastructure. Table 3.11 gives the distribution of physicians by State in Peninsular Malaysia in 1954. Table 3.12 presents the

TABLE 3.10

Peninsular Malaysia

PRIMARY AND SECONDARY SCHOOL ENROLMENTS BY STATE, 1953

STATE OR SETTLEMENT	P R I M A R Y			S E C O N D A R Y		
	ESTIMATED PRIMARY POPULATION ^(a)	ENROLMENTS		SECONDARY 'EDUCATIVE' POPULATION ^(c)	ENROLMENTS	
		TOTAL No.	% ^(b)		TOTAL No.	% ^(d)
Penang	103,000	68,113	66.1	15,500	11,144	71.9
Perak	223,000	145,179	65.1	33,500	13,980	41.7
Selangor	169,000	112,818	66.8	25,500	13,569	53.2
CENTRAL WEST COAST	495,000	326,110	65.9	74,500	38,693	51.9
Negri Sembilan	64,000	42,262	66.0	9,500	3,760	39.6
Malacca	57,000	36,253	63.6	8,500	3,304	38.9
Johore	175,000	104,172	59.5	26,000	5,968	23.0
SOUTH-WEST COAST	296,000	182,687	61.7	44,000	13,032	29.6
Kedah	129,000	65,682	50.9	19,500	1,769	9.1
Perlis	16,000	8,873	55.5	2,500	136	5.4
NORTH-WEST COAST	145,000	74,555	51.4	22,000	1,905	8.7
WEST COAST	936,000	583,352	62.3	140,500	53,630	38.2
Pahang	56,000	36,414	65.0	8,500	2,023	23.8
Kelantan	99,000	48,751	49.2	15,000	884	5.9
Trengganu	50,000	30,747	61.5	7,500	399	5.3
EAST COAST	205,000	115,912	56.5	31,000	3,306	10.7
Federal Institutions	-	150	-	-	656	-
Peninsular Malaysia	1,141,000	699,414	61.3	171,500	57,592	33.6

(a) children between ages of 6+ and 12+;

(b) total number of enrolments as a % of estimated primary school age population;

(c) 20% of population between 13+ and 18+ years of age;

(d) total number of enrolments as a % of 'secondary 'educative population'.

Source: adapted from International Bank for Reconstruction and Development, 1955, p.464, Table 2, Primary School Enrolments, September 1953, Federation; and p.465, Table 3, Secondary School Enrolments, September 1953, Federation.

distribution by State of hospitals and hospital beds about the same year. Scrutiny of Table 3.11 and Table 3.12 together shows that there was a marked concentration of medical infrastructure in the West Coast States, especially in the 'core' area of Penang, Perak and Selangor. For example, Table 3.11 shows that persons per physician ranged from 4,900 in Penang to 38,000 in Kelantan, the average for Peninsular Malaysia being 9,200 persons per physician. The average figure for the West Coast States (8,200 persons per physician) contrasts markedly with that for the East Coast States (22,300 persons per physician). Table 3.12 shows that 201 (90.5%) of Peninsular Malaysia's 222 hospitals in 1957 were in West Coast States, with 182 (105 + 77) or 82.0% in the western littoral between Penang and Johore inclusive. The East Coast States had only 21 (9.5%) of Peninsular Malaysia's hospitals. In terms of hospital beds per thousand population the position was similar, the West Coast States exhibiting a much more favourable coverage than that exhibited by the East Coast States. Table 3.12 shows that the West Coast States as a whole could muster 3.6 hospital beds per thousand population, whereas the East Coast States could find just less than half that number (1.6 beds per thousand population). The contrast between the West Coast State of Negri Sembilan (6.8 beds per thousand population) and the East Coast State of Kelantan (0.9 beds per thousand population) is noteworthy. It must be noted also that the two most peripheral West Coast States - Johore and Perlis - exhibited figures (2.7 and 1.5 beds per thousand population respectively) which were lower than that for Pahang (3.2 beds per thousand population), itself the East Coast State linked most closely with the developed West Coast 'core'.

TABLE 3.11
Peninsular Malaysia
DISTRIBUTION OF PHYSICIANS BY STATE, 1954

STATE OR SETTLEMENT	POPULATION ('000) ^(a)	PHYSICIANS ^(b)		PERSONS PER PHYSICIAN ^(c)		
		Private	Government	Private	Government	Both
Penang	512	71	33	7,200	15,500	4,900
Perak	1,117	74	49	15,100	22,800	9,100
Selangor	847	89	47	9,500	18,000	6,200
CENTRAL WEST COAST	2,476	234	129	10,600	19,200	6,800
Negri Sembilan	321	17	24	18,900	13,400	7,800
Malacca	283	19	16	14,900	17,700	8,100
Johore	875	40	46	21,900	19,000	10,200
SOUTH-WEST COAST	1,479	76	86	19,500	17,200	9,100
Kedah	646	16	26	40,400	24,800	15,400
Perlis	81	1	3	81,000	27,000	20,300
NORTH-WEST COAST	727	17	29	42,800	25,000	15,800
WEST COAST	4,682	327	244	14,300	19,200	8,200
Pahang	281	8	16	35,100	17,600	11,700
Kelantan	494	6	7	82,300	70,600	38,000
Trengganu	249	2	7	124,500	35,600	27,700
EAST COAST	1,024	16	30	64,000	34,100	22,300
Peninsular Malaysia	5,706	343	274	16,600	20,800	9,200

(a) mid-year, 1953;

(b) March, 1954. 'Private' includes only registered physicians by place of registration. 'Government' includes only those engaged part- or full-time in general or specialized clinical service; it excludes administrative officers and those in leprosaria, mental hospitals, research, etc.

(c) figures are rounded to the nearest hundred and ratios are slightly understated because calculated against estimated populations of mid-year, 1953.

Source: adapted from International Bank for Reconstruction and Development, 1955, p.554, Table 4, Physicians in the States and Settlements, March 1954, Federation.

DISTRIBUTION OF HOSPITALS AND OF HOSPITAL BEDS BY STATE, ABOUT 1954

STATE OR SETTLEMENT	PRIVATE HOSPITALS (a)				GOVERNMENT HOSPITALS (b)				ALL HOSPITALS		
	HOSPITALS AND MATERNITY HOMES (c)		ESTATE HOSPITALS		GENERAL		DISTRICT		TOTAL No.	BEDS	
	No.	Beds	No.	Beds	No.	Beds	No.	Beds		No.	per '000 perons(d)
Penang Perak Selangor	11	223	3	205	1	694	7	589	22	1,711	3.3
	3	142	28	1,305	8	2,292	4	306	43	4,045	3.6
	3	241	29	1,280	2	642	6	995	40	3,158	3.7
CENTRAL WEST COAST	17	606	60	2,790	11	3,628	17	1,890	105	8,914	3.6
Negri Sembilan Malacca Johore	1	25	17	919	2	760	5	477	25	2,181	6.8
	4	45	21	206	1	628	4	150	30	1,029	3.6
	-	-	13	462	4	1,306	5	602	22	2,370	2.7
SOUTH-WEST COAST	5	70	51	1,587	7	2,694	14	1,229	77	5,580	3.8
Kedah Perlis	-	-	13	1,087	3	888	2	111	18	2,086	3.2
	-	-	-	-	1	120	-	-	1	120	1.5
NORTH-WEST COAST	-	-	13	1,087	4	1,008	2	111	19	2,206	3.0
WEST COAST	22	676	124	5,464	22	7,330	33	3,230	201	16,700	3.6
Pahang Kelantan Trengganu	-	-	4	172	6	731	-	-	10	903	3.2
	-	-	4	82	1	276	2	73	7	431	0.9
	-	-	1	50	1	200	2	90	4	340	1.4
EAST COAST	-	-	9	304	8	1,207	4	163	21	1,674	1.6
Peninsular Malaysia	22	676	133	5,768	30	8,537	37	3,393	222	18,374	3.2

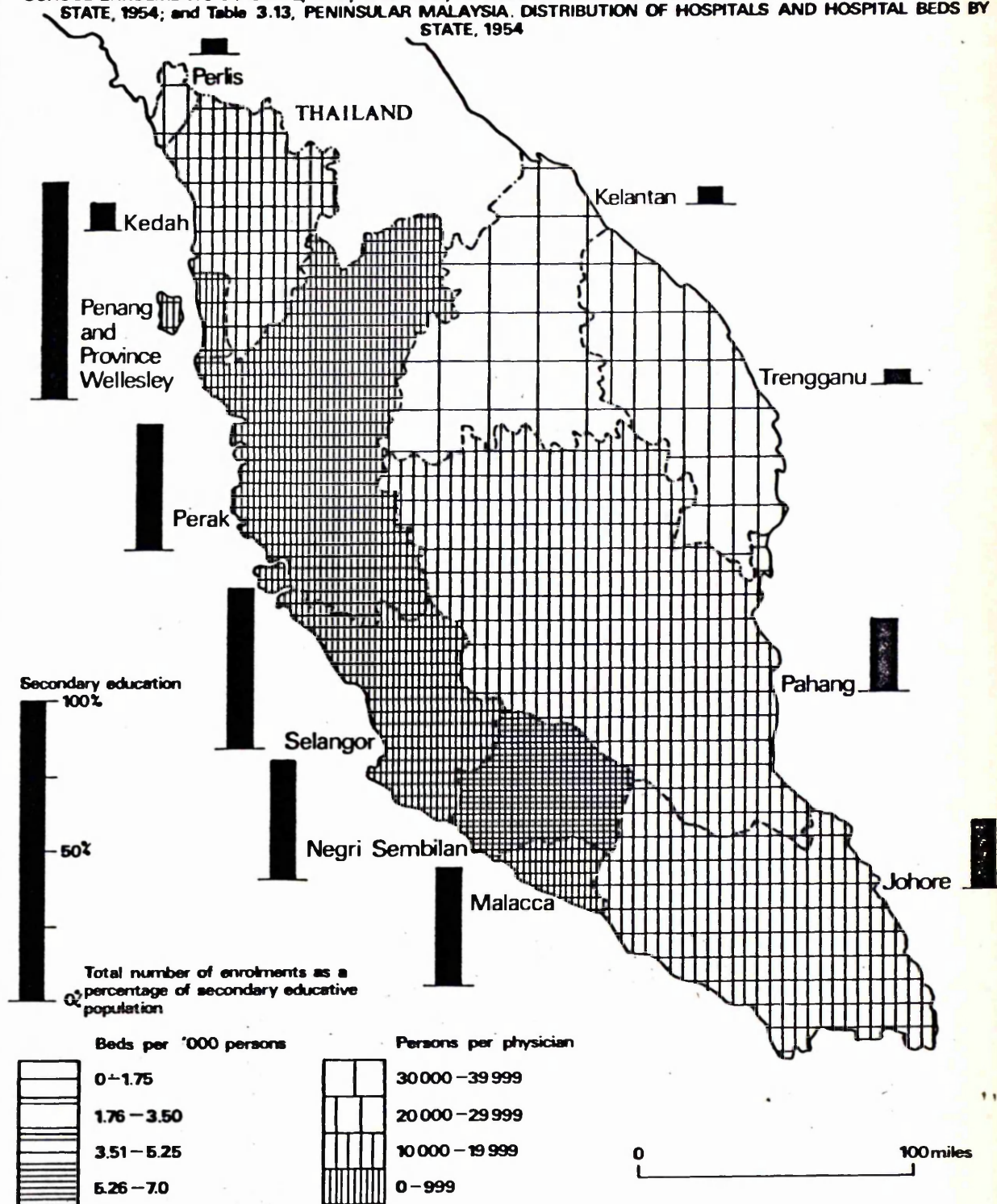
Table 3.12

- (a) as at December 31, 1952;
- (b) as at April, 1954;
- (c) All Chinese maternity hospitals or homes except one hospital in Selangor and two in Penang;
- (d) Ratios slightly overstated because calculated against estimated populations of mid-year 1953.

Source: adapted from International Bank for Reconstruction and Development, 1955, p.555, Table 5, Hospitals in the States and Settlements, Federation.

Fig 3.9. PENINSULAR MALAYSIA. PROVISION OF MEDICAL INFRASTRUCTURE AND OF SECONDARY EDUCATIONAL INFRASTRUCTURE, (1954)

Source: Compiled from data presented in Table 3.11, PENINSULAR MALAYSIA. PRIMARY AND SECONDARY SCHOOL ENROLMENTS BY STATE, 1953; Table 3.12, PENINSULAR MALAYSIA. DISTRIBUTION OF PHYSICIANS BY STATE, 1954; and Table 3.13, PENINSULAR MALAYSIA. DISTRIBUTION OF HOSPITALS AND HOSPITAL BEDS BY STATE, 1954



3.3c Communal Structure of Peninsular Malaysia's
Socio-Economic System, 1957

A synopsis of the spatial distribution of social and economic development in Peninsular Malaysia in 1957 has been given in Section 3.3b above. Section 3.3b has indicated the spatial distribution of socio-economic development by summarizing the regional spread of the principal wealth-generating activities (tin-mining, commercial agriculture, and manufacturing) and of the main 'advantages and fruits' of development (employment, income, physical infrastructure, urban areas and associated services and social infrastructure). The concentration of wealth-generating activities and of the 'advantages and fruits' of development in the West Coast States - especially in the 'core' States of Penang, Perak and Selangor - has been emphasised. The present section will complete the description of Peninsular Malaysia's society and economy in 1957 by describing the communal structure of the socio-economic system at that time.

Table 3.13 shows the density distribution of Peninsular Malaysia's population by State at the Census of 1957. The data for 1957 show that those States which were the first parts of the peninsula to be touched by British influence - Penang and Malacca - had the greatest population densities, 1,430.3 and 460.0 persons per square mile respectively. Table 3.13 shows that the States of the developed Central West Coast 'core' - Penang, Perak and Selangor - had a density (245.0 persons per square mile on average) much higher than any other part of Peninsular Malaysia. Next highest was the North-West Coast, consisting of the densely-peopled 'rice-bowls' of Kedah and Perlis (average 199.7 persons per square mile). The population density of the South-West Coast (150.7 persons per square mile) was

TABLE 3.13

Peninsular Malaysia

DENSITY DISTRIBUTION OF TOTAL POPULATION BY STATE, 1957

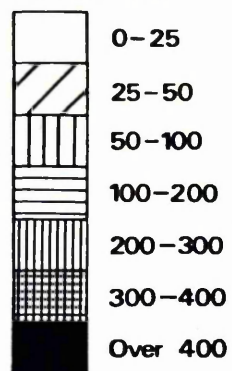
STATE	Area in square miles	1957 (a) population	1957 (b) population density
Penang	400	572,100	1,430.3
Perak	7,890	1,221,446	154.8
Selangor	3,166	1,012,929	319.9
CENTRAL WEST COAST	11,456	2,806,475	245.0
Negri Sembilan	2,550	364,524	143.0
Malacca	633	291,211	460.0
Johore	7,321	926,850	126.6
SOUTH-WEST COAST	10,504	1,582,585	150.7
Kedah	3,660	701,964	191.8
Perlis	310	90,885	293.2
NORTH-WEST COAST	3,970	792,849	199.7
WEST COAST	25,930	5,181,909	199.8
Pahang	13,873	313,058	22.6
Kelantan	5,746	505,522	88.0
Trengganu	5,050	278,269	55.1
EAST COAST	24,669	1,096,849	44.5
Peninsular Malaysia	50,599	6,278,758	124.1

(a) Total population of Malays, Chinese, Indians and Others enumerated at the 1957 Census.

(b) Density in persons per square mile, calculated simply by dividing the population of each unit by the area of that unit.

Source: adapted from Chander, 1972, Table 1, Total Population of States by Main Community Groups compared with Previous Census.

Persons per square
mile: districts



— Boundary delimiting
western districts with more than
100 persons per square mile

--- Boundary delimiting eastern districts
with more than 100 persons per square
mile

0 100 miles

Fig 3.10 PENINSULAR MALAYSIA. DENSITY OF POPULATION BY DISTRICT, 1957

Source: Adapted from Ooi Jin Bee (1976), p.135, Fig 6.2, Density of Population 1957

relatively low due to the inclusion of thinly-populated eastern Johore. Even so, the average population density of the West Coast (199.8 persons per square mile) was much superior to that for the East Coast States (44.5 persons per square mile). The population density of Pahang (22.6 persons per square mile) was low even by the standards of the East Coast States.

Figure 3.10 depicts the population density by district in 1957. Figure 3.10 shows that population was concentrated in the western littoral, with a subsidiary population on the north-east coast. The central two-thirds of the country was thinly-peopled. Comparison of Table 3.13 and Figure 3.10 with the Tables and Figures presented in Section 3.3b above shows clearly that in 1957 Peninsular Malaysia's population was to be found largely in those States in which the wealth-generating activities and 'advantages and fruits' of development were concentrated.

The inference to be drawn from the data presented so far in Section 3.3c is that the spatial distribution of population in 1957 correlated closely with the spatial distribution of social and economic development. However, the data for the total population mask significant differences in the spatial distributions of the three main communities.

Table 3.14 shows the community composition by State at the Census of 1957. The Table reveals that at that date the Malays were just the majority in Peninsular Malaysia, having 50.5% of the population in comparison to the Chinese (37.7%) and the Indian (11.9%) communities.⁽⁷⁵⁾ However, the Table reveals also important differences between the several parts of Peninsular Malaysia in terms of communal distributions.

TABLE 3.14
Peninsular Malaysia
COMMUNITY COMPOSITION BY STATE AT CENSUS OF 1957^(a)

STATE	MALAYS		CHINESE		INDIANS		OTHERS	
	Number	%	Number	%	Number	%	Number	%
Penang	165,092	29.3	327,240	58.1	70,787	12.6	563,119	100.0
Perak	484,530	40.0	539,334	44.5	186,803	15.4	1,210,667	100.0
Selangor	291,411	29.2	488,657	49.0	216,453	21.7	996,521	100.0
CENTRAL WEST COAST	941,033	34.0	1,335,231	48.9	474,043	17.1	2,770,307	100.0
Negri Sembilan	151,408	42.0	150,055	41.7	58,675	16.3	360,138	100.0
Malacca	143,128	49.6	120,759	41.9	24,496	8.5	288,383	100.0
Johore	444,618	48.8	392,568	43.1	74,354	8.2	911,540	100.0
SOUTH-WEST COAST	739,154	47.4	663,382	42.5	157,525	10.1	1,560,061	100.0
Kedah	475,563	69.1	144,057	20.9	68,749	10.0	688,369	100.0
Perlis	71,272	80.4	15,771	17.8	1,639	1.8	88,682	100.0
NORTH-WEST COAST	546,835	70.4	159,828	20.6	70,388	9.1	777,051	100.0
WEST COAST	2,227,022	43.6	2,178,441	42.7	701,956	13.7	5,107,419	100.0
Pahang	179,088	57.6	108,226	34.8	23,724	7.6	311,038	100.0
Kelantan	463,118	92.9	28,861	5.8	6,271	1.3	498,250	100.0
Trengganu	256,246	92.3	18,228	6.6	3,087	1.1	277,561	100.0
EAST COAST	898,452	82.7	155,315	14.3	33,082	3.0	1,086,849	100.0
Peninsular Malaysia ^(b)	3,125,474	50.5	2,333,756	37.7	735,038	11.9	6,194,268	100.0

Table 3.14

- (a) Note that Table 3.15 does not include data for 'Others' enumerated at the 1957 Census, restricting its presentation to the Malay, Chinese and Indian communities. The 1957 Census enumerated a total of 84,490 'Others' distributed throughout the States of Peninsular Malaysia, and the discrepancies between population totals presented in Table 3.15 and those listed in Table 3.14 may be attributed to the omission of 'Others' from Table 3.15.
- (b) Due to the omission of the 'Others' category noted above, percentages presented in Table 3.15 differ slightly from those which may be found elsewhere (e.g. in Chander, 1972, Table XIV).

Source: adapted from Chander, 1972, Table 1, Total Population of States by Main Community Groups compared with Previous Census.

Table 3.14 shows that in the West Coast States as a whole the Malays were only slightly more numerous than the Chinese (43.6% as against 42.7%), and were inferior in number to the combined non-Malay populations in all the States of the Central and North-West Coast. Indeed, in the 'core' States of Penang, Perak and Selangor the Malays were fewer than the Chinese community alone (averaging 34.0% as against an average of 48.9% for the Chinese in the Central West Coast States). It was in the peripheral States that the Malays achieved their numerical superiority. In the North-West Coast States the Malays were 70.4% of the total population, being especially dominant in Perlis (80.4% of the total). In the East Coast States Malay numerical superiority was even more marked, averaging 82.7% of the East Coast population, with almost total dominance of Kelantan (92.9%) and Trengganu (92.3%).

Figure 3.11, Figure 3.12 and Figure 3.13 depict the 1957 distributions of the three main communities by district. Like Figure 3.10, the Figures reveal that all the communities showed a preference for coastal locations in 1957. Population densities in the interior were very low for all the communities. However, Figures 3.11, 3.12 and 3.13 mirror the imbalanced distributions of the three main communities which was revealed in Table 3.14.

In 1957, the Malay community was concentrated in the north-west and north-east of the peninsula - particularly in the 'rice-bowls' of Kedah/Perlis and the Kelantan delta - and in Penang and Malacca, and in coastal locations in the remaining States (see Figure 3.11). The Chinese population was concentrated almost entirely in the West Coast, especially in Penang, in and around Kuala Lumpur, and in the Kinta

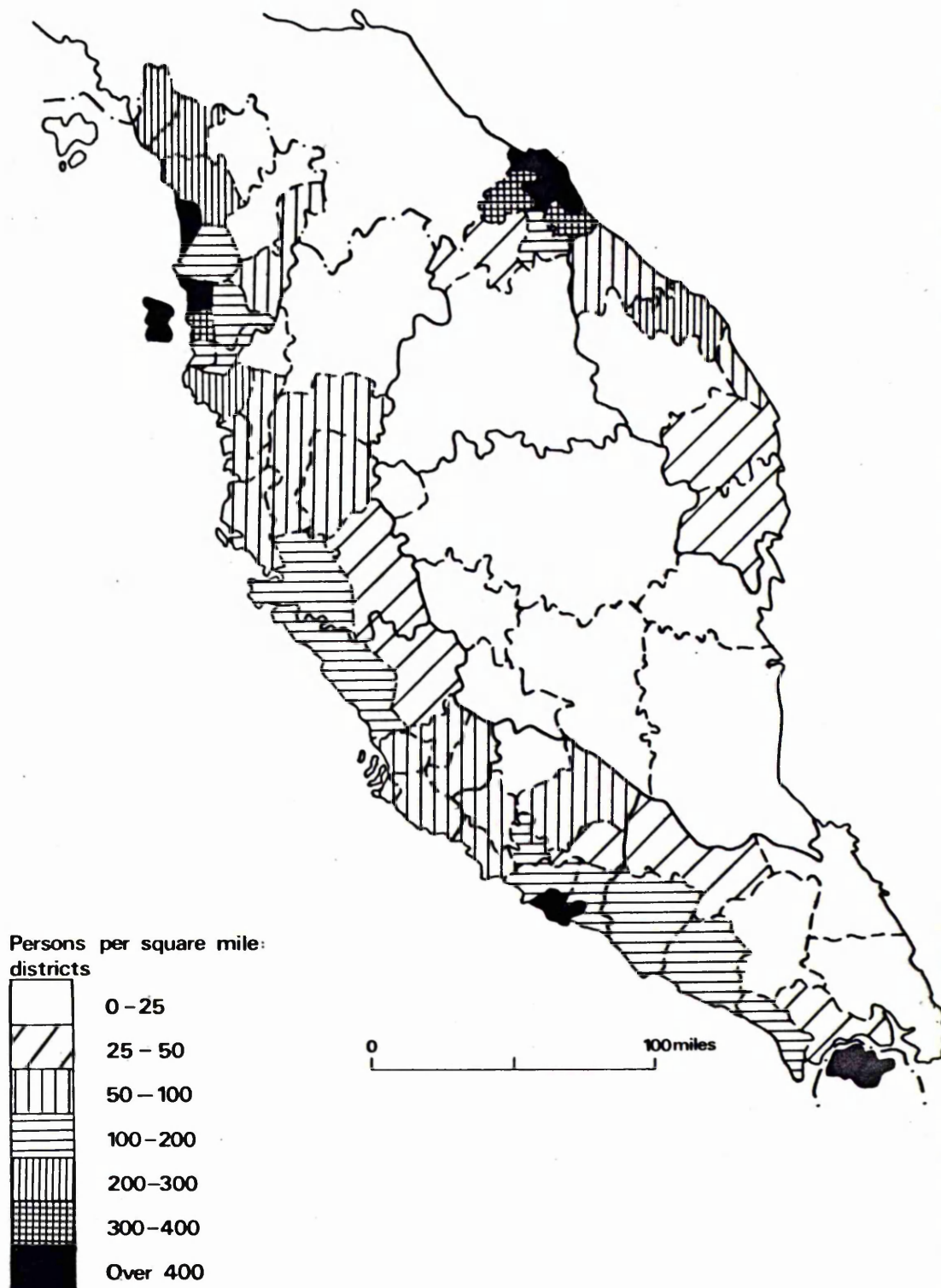
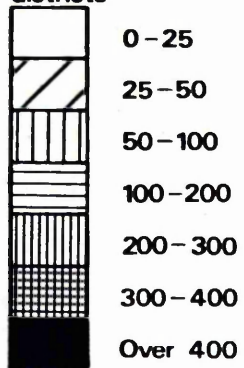


Fig 3.11 PENINSULAR MALAYSIA. DISTRIBUTION OF MALAY POPULATION BY DISTRICT, 1957

Source: Adapted from Ooi Jin Bee (1963) p.147, Figure. 31, Density of the Malay population, 1957

**Fig 3.12 PENINSULAR
MALAYSIA. DISTRIBUTION OF
CHINESE POPULATION BY DISTRICT,
1957**

Persons per square mile:
districts



0 100miles

Source: Adapted from Ooi Jin Bee (1963), p.153, Figure 33, Density of the Chinese population, 1957

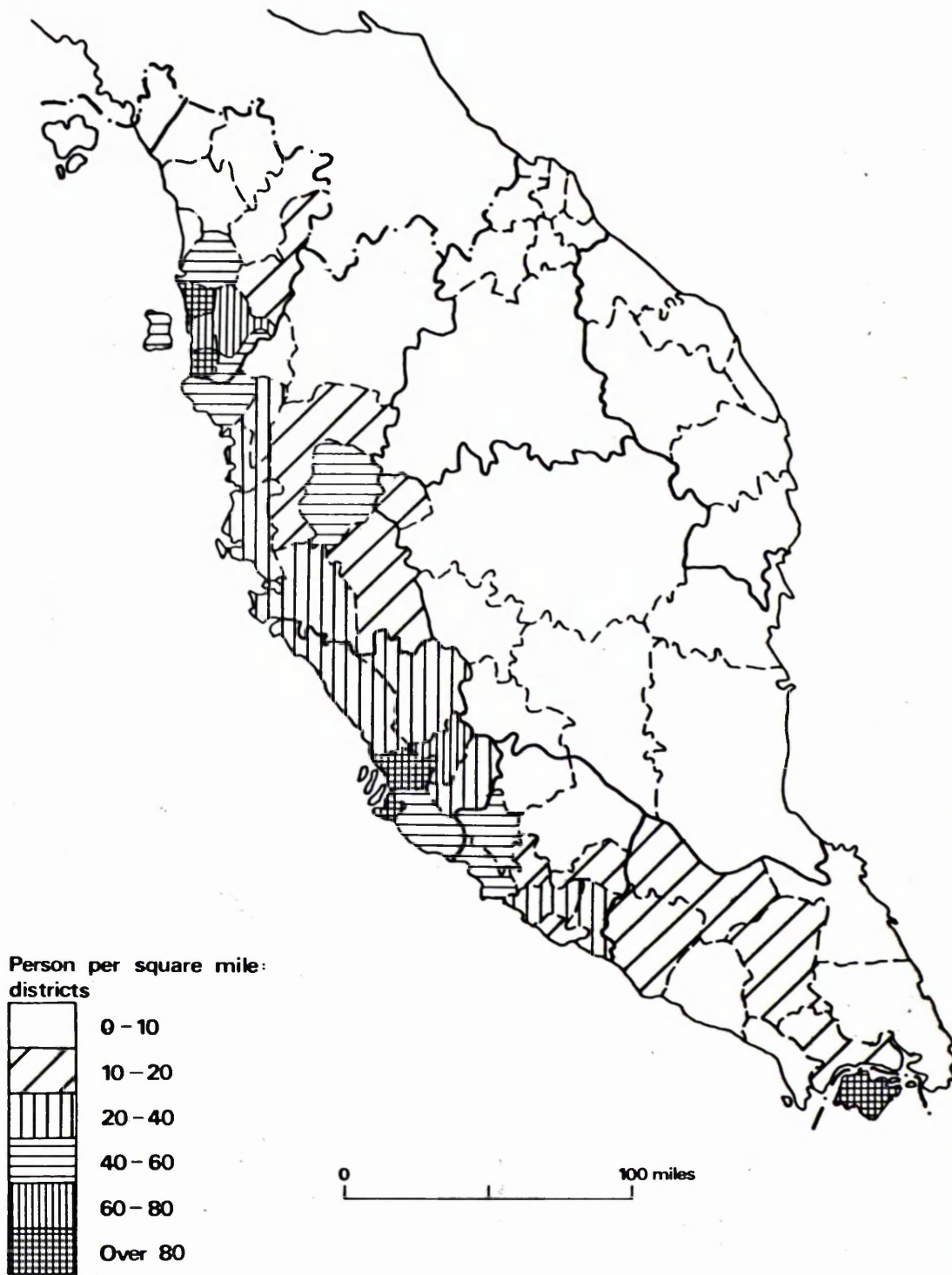


Fig 3.13 PENINSULAR MALAYSIA. DISTRIBUTION OF INDIAN POPULATION BY DISTRICT, 1957

Source: Adapted from Ooi Jin Bee, (1963), p.156, Figure 34, Density of the Indian population, 1957

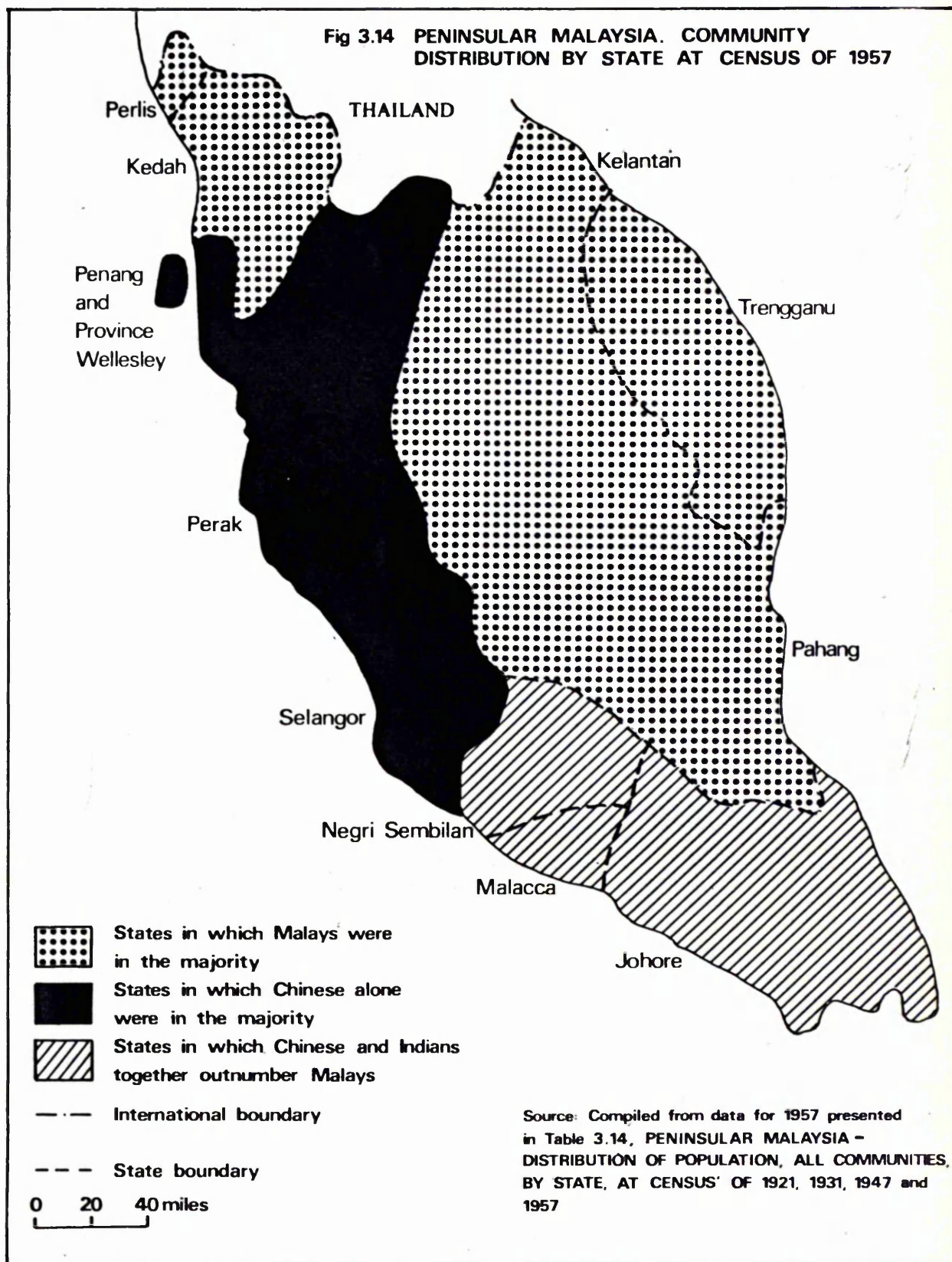
Valley of Perak (see Figure 3.12). The Indian population showed a distribution similar to that of the Chinese, with particular concentrations in Province Wellesley and in central Selangor (see Figure 3.13).

Figure 3.14 compares the density distributions of the communities in 1957 in terms of Malays and non-Malays, with particular attention paid to the relationship between the Malay and the Chinese populations.⁽⁷⁶⁾ The Figure shows that Chinese comprised in their own right the majority population in the Central West Coast States of Penang, Perak and Selangor. If Indians are reckoned with the Chinese, then in 1957 non-Malays formed the majority in the South-West Coast States of Negri Sembilan, Malacca and Johore. Malays made up the majority only in the North-West and East Coast periphery States of Perlis, Kedah, Pahang, Kelantan and Trengganu.

It is in the light of the data presented in Table 3.14 and Figures 3.11, 3.12 and 3.13 - summarized in Figure 3.14 - that the distribution of socio-economic development in 1957 must be viewed. The data just presented show that in 1957 the non-Malay populations were concentrated in the best developed States - especially in the 'core' States of Penang, Perak and Selangor - whereas the Malays were concentrated in the least developed States, forming almost the entire populations of Kelantan and Trengganu.

The position was similar with respect to the urban/rural status of the communities. Data presented in Section 3.3b above showed that the West Coast States - especially Penang, Perak and Selangor - contained the majority of urban areas, and had the most highly urbanised

Fig 3.14 PENINSULAR MALAYSIA. COMMUNITY DISTRIBUTION BY STATE AT CENSUS OF 1957



populations (see above, Table 3.8, Table 3.9 and Figure 3.8), and the inference that urban status correlated highly with the distribution of socio-economic development was made.

Table 3.15 shows that the three main communities differed in their levels of urbanisation in 1957. The non-Malay populations were both highly urbanised, the Chinese having nearly half their population (44.7%) living in urban areas. The Indian population (30.6% urban) was less urbanised than the Chinese, but was still greatly urbanised in comparison to the Malays, the great majority of whom (88.8%) lived in rural areas.

The conclusion to be drawn from the data presented so far is that in 1957 the non-Malay populations, especially the Chinese, were concentrated in the 'core' States of the Central West Coast and in the urban areas, whereas the Malay population was to be found mainly in the peripheral States and in the rural areas. Given that the West Coast States and the urban areas enjoyed a virtual monopoly of wealth-generating activities and of the 'advantages and fruits' of development in 1957, the data presented so far in Section 3.3c emphasise the non-Malays' greater access vis-à-vis the Malays to socio-economic development.

This imbalance was mirrored in the communal structure of Peninsular Malaysia's socio-economic system in 1957. The unbalanced spatial distribution of social and economic development, coupled with the imbalances apparent between the three main communities in respect of spatial distribution and urban/rural status, meant that there was concentration of each community in particular social and economic strata within the socio-economic system. Between 1874 and 1957, a

TABLE 3.15

Peninsular Malaysia

POPULATION BY COMMUNITY AND BY
DEGREE OF URBANISATION AT CENSUS OF 1957 (a)

COMMUNITY	URBAN AREAS %	RURAL AREAS %	TOTAL %
Malays	11.2	88.8	100.0
Chinese	44.7	55.3	100.0
Indians	30.6	69.4	100.0
Peninsular Malaysia	26.5	73.5	100.0

- (a) the definition of urban used here is "all gazetted administrative areas with a population of ten thousand or over" (Chander, 1972, p.23).

Source: adapted from Chander, 1972, Table XVI, Population by Community and Degree of Urbanization at Censuses of 1970, 1957, and 1947 - West Malaysia.

number of factors combined to ensure that each community gravitated towards some socio-economic niches rather than others. Thus, by the time of independence community, on the one hand, and industrial activity and social status, on the other hand, were correlated highly.

The close correlation between community and socio-economic status in 1957 is depicted clearly in Table 3.16 and Table 3.17. Table 3.16 shows industry by community in 1957. Table 3.17 shows community by industry in the same year. It may be seen from Table 3.16 and Table 3.17 that each community was concentrated in certain sectors of Peninsular Malaysia's socio-economic system in 1957. There were significant contrasts between the positions occupied by the Malays on the one hand, and those occupied by the non-Malays on the other.

Table 3.16 shows that the Malays formed over half (60.7%) of those employed in Agriculture, Forestry and Fishing. The Malays were not the majority in any other sector, although they were the largest group in Services (44.7%). The non-Malays were dominant in all sectors of the economy other than Agriculture, Forestry and Fishing. The Chinese formed unaided the bulk of those engaged in the wealth-generating sectors Mining and Quarrying (70.0%), Manufacturing (72.7%), and Commerce (66.2%). The Chinese were strongly represented also in Building and Construction (48.8%), Transport, Storage and Communications (40.4%) and Services (38.5%). The Indians did not dominate any category, but were well represented in Utilities (38.0%), Services (16.8%), Transport, Storage and Communications (22.3%), Commerce (17.1%), and Building and Construction (18.4%). (77)

TABLE 3.16
Peninsular Malaysia
INDUSTRY BY COMMUNITY, 1957^(a)

COMMUNITY	I N D U S T R Y																	TOTAL ALL INDUSTRIES								
	AGRICULTURE FORESTRY AND FISHING (b)		MINING AND QUARRING		MANUFACTURING			BUILDING AND CONSTRUCTION			UTILITIES (ELECTRICITY, GAS AND WATER)			TRANSPORT, STORAGE AND COMMUNICATIONS			COMMERCE			SERVICES			OTHERS NOT CLASSIFIABLE BY INDUSTRY			
	Persons	%	Persons	%	Persons	%	Persons	%	Persons	%	Persons	%	Persons	%	Persons	%	Persons	%	Persons	%	Persons	%	Persons	%	Persons	%
Malay ^(c)	749,319	60.7	10,312	18.1	26,600	19.8	21,830	32.7	3,838	35.0	26,870	37.3	32,020	16.7	127,641	44.7	5,907	33.4	1,004,339 ^(d)	48.5						
Chinese	310,422	25.2	39,955	70.0	97,521	72.7	32,589	48.8	2,966	27.0	29,162	40.4	127,096	66.2	109,948	38.5	9,387	53.1	759,048 ^(e)	36.7						
Indian	174,517	14.1	6,809	11.9	10,094	7.5	12,302	18.4	4,168	38.0	16,064	22.3	32,781	17.1	48,113	16.8	2,380	13.5	307,228 ^(f)	14.8						
TOTAL	1,234,258	100.0	57,076	100.0	134,215	100.0	66,721	100.0	10,972	100.0	72,096	100.0	191,897	100.0	285,702	100.0	17,674	100.0	2,070,611 ^(g)	100.0						

Table 3.16

- (a) Table 3.16 presents only data concerning those persons who were in employment at the time of the Census. In addition there were a number of persons who were not working but who were looking for work (see notes (d), (e) and (f)). Furthermore, the Table does not present data concerning the 'Others' who were economically active at the time of the Census (see note (g)).
- (b) Agriculture here includes agricultural products requiring substantial processing, e.g. palm oil, and some workers will be employed in the processing - rather than in the growing - of such products.
- (c) The 1957 Census used the classification 'Malaysian', and thus included Malay persons of recent immigration from places outside British Malaya, e.g. from Sumatra. However, these immigrant Malays are so similar to the indigenous Malays in matters of race, language, religion and custom that all the Malays - whether indigenous or immigrant - may be legitimately classified simply as 'Malay' for purposes of comparison with the Chinese and Indian communities.
- (d) In addition to this total there were 19,392 Malays who were not working but who were looking for work.
- (e) In addition to this total there were 12,917 Chinese who were not working but who were looking for work.
- (f) In addition to this total there were 5,728 Indians who were not working but who were looking for work.
- (g) In addition to this total there were those who were unemployed at the time of the Census, and 56,213 'Others' (of whom 642 were not working but who were looking for work).

Source: adapted and compiled from data presented in Fell, H., 1960, 1957 Population Census of the Federation of Malaya: Report No. 14 (Final Report - Summary Tables for the Federation, with General Comments on the Census), Kuala Lumpur, Dept. of Statistics;

Table 17A, Economically Active Malaysians by Sex, Industry and Occupation Division;

Table 17B, Economically Active Chinese by Sex, Industry and Occupation Division;

Table 17C, Economically Active Indians by Sex, Industry and Occupation Division;

Table 17D, Economically Active Others by Sex, Industry and Occupation Division.

Table 3.17 shows that nearly three-quarters (74.6%) of Malays were involved in Agriculture, Forestry, and Fishing in 1957. A further 12.7% of Malay employment was in the Services sector, all other sectors of the economy claiming residual percentages only of Malay employment. The non-Malays shared the Malay preference for Agriculture, Forestry and Fishing, although the concentration of non-Malay employment in this sector was much less. The Chinese had less than half (40.9%) of their employment concentrated in Agriculture, Forestry and Fishing, with other sectors such as Commerce (16.7%), Services (14.5%), and Manufacturing (12.8%) sharing highly in Chinese employment. The Indians had just over half (56.8%) of their employment in Agriculture, Forestry and Fishing, with smaller concentrations in Services (15.7%), Commerce (10.7%), and Transport, Storage and Communications (5.2%).⁽⁷⁸⁾

Table 3.16 and Table 3.17 show clearly that - in respect of industrial occupation - the Malays were concentrated heavily in the low productivity Agriculture, Forestry, and Fishing sectors. In contrast, the non-Malays - especially the Chinese - revealed a marked preference for all the more productive sectors of the economy. These differences in the communities' levels of concentration in various sectors of the economy had a logical outcome in terms of the distribution of income in 1957.

Table 3.18 shows the approximate distribution of total individual incomes by community in 1957. Table 3.19 reveals the distribution of individual incomes under M\$12,000 per annum by community and by urban/rural status in 1957. The following paragraphs will indicate the salient features of Table 3.18 and Table 3.19.

TABLE 3.17

Peninsular Malaysia

COMMUNITY BY INDUSTRY, 1957^(a)

INDUSTRY	C O M M U N I T Y						TOTAL ALL COMMUNITIES	
	MALAYS (b)		CHINESE		INDIANS		Persons	%
	Persons	%	Persons	%	Persons	%		
Agriculture, Forestry and Fishing (c)	749,319	74.6	310,422	40.9	174,517	56.8	1,234,258	59.6
Mining and Quarrying	10,312	1.0	39,955	5.3	6,809	2.2	57,076	2.8
Manufacturing	26,600	2.6	97,521	12.8	10,094	3.3	134,215	6.5
Building and Construction	21,830	2.2	32,589	4.3	12,302	4.0	66,721	3.2
Utilities (Electricity, Gas and Water)	3,838	0.4	2,966	0.4	4,168	1.4	10,972	0.5
Transport, Storage and Communications	26,870	2.7	29,162	3.8	16,064	5.2	72,096	3.5
Commerce	32,020	3.2	127,096	16.7	32,781	10.7	191,897	9.3
Services	127,641	12.7	109,948	14.5	48,113	15.7	285,702	13.8
Others not classifiable by Industry	5,907	0.6	9,387	1.2	2,380	0.8	17,674	0.9
TOTAL	1,004,337 ^(d)	100.0	759,046 ^(e)	100.0	307,228 ^(f)	100.0	2,070,611 ^(g)	100.0

Table 3.17

- (a) Table 3.17 presents only data concerning those persons who were in employment at the time of the Census. In addition there were a number of persons who were not working but who were looking for work (see notes (d), (e) and (f)). Furthermore, the Table does not present data concerning the 'Others' who were economically active at the time of the Census (see note (g)).
- (b) The 1957 Census used the classification 'Malaysian', and thus included Malay persons of recent immigration from places outside British Malaya, e.g. from Sumatra. However, these immigrant Malays are so similar to the indigenous Malays in matters of race, language, religion and custom that all the Malaysians - whether indigenous or immigrant - may be legitimately classified simply as 'Malay' for purposes of comparison with the Chinese and Indian communities.
- (c) Agriculture here includes agricultural products requiring substantial processing, e.g. palm oil, and some workers will be employed in the processing - rather than in the growing - of such products.
- (d) In addition to this total there were 19,392 Malays who were not working but who were looking for work.
- (e) In addition to this total there were 12,917 Chinese who were not working but who were looking for work.
- (f) In addition to this total there were 5,728 Indians who were not working but who were looking for work.
- (g) In addition to this total there were those who were unemployed at the time of the Census, and 56,213 'Others' (of whom 642 were not working but who were looking for work).

Source: adapted and compiled from data presented in Fell, H., 1960, 1957 Population Census of the Federation of Malaya: Report No. 14 (Final Report - Summary Tables for the Federation, with General Comments on the Census), Kuala Lumpur, Dept. of Statistics:

Table 17A, Economically Active Malaysians by Sex, Industry and Occupation Division;

Table 17B, Economically Active Chinese by Sex, Industry and Occupation Division;

Table 17C, Economically Active Indians by Sex, Industry and Occupation Division; and

Table 17D, Economically Active Others by Sex, Industry and Occupation Division.

Table 3.18 shows clearly that in 1957 the average incomes enjoyed by non-Malays were far superior to those received by Malays. The figures for average annual income per head and for average annual incomes per adult male are noteworthy. Table 3.18 reveals that the average annual incomes per head in the non-Malay communities were far higher than that for the Malay community, ranging from M\$837 for Chinese, through M\$669 for Indians, to M\$367 for Malays. Similarly, the average annual income per adult male varied from a high of M\$3,223 (Chinese), through M\$2,013 (Indian), to a low of M\$1,463 (Malay).

The data in Table 3.19 augment those given in Table 3.18. The data presented in Table 3.19 support the conclusion that in 1957 the average incomes enjoyed by non-Malays were superior to those received by Malays. For example, the average annual income per head was M\$561 for urban Chinese, M\$513 for urban Indians, and M\$482 for urban Malays. Table 3.19 reveals also that there were differences in urban and rural incomes. All three communities displayed this characteristic, but the differential between the urban Malay and the rural Malay was most marked. For example, the urban Malay average family income per month (M\$229) was far greater than the rural Malay equivalent (M\$128).⁽⁷⁹⁾

3.4 CONCLUSION

Chapter 3 has presented a synopsis of the major factors influencing the evolution of Peninsular Malaysia's socio-economic system up to 1957, paying particular attention to the events of the British colonial period between 1874 and the eve of independence. It was noted that the development of British Malaya proceeded mainly from

TABLE 3.18
Peninsular Malaysia
APPROXIMATE DISTRIBUTION OF TOTAL INDIVIDUAL INCOMES
BY COMMUNITY, 1957

	MALAYS	CHINESE	INDIANS	TOTAL ^(a)
Annual incomes reported under M\$12,000 (M\$million)	1,025	1,200	350	2,575*
Annual incomes assessed over M\$12,000 (M\$million) ^(b)	25	150	25	300
Unreported and unassessed income (M\$millions) ^(c)	100	600	100	800*
Total individual income (M\$millions)	1,150	1,950	475	3,675
Percentage of total	31	53	13	100
Populations (millions)	3.13	2.33	0.71	6.28
Average annual income per head (M\$)	367	837	669	585
Adult males, 15 - 59 years (millions)	0.786	0.605	0.236	1.679
Average annual income per adult male (M\$)	1,463	3,223	2,013	2,189

- (a) with the exception of figures marked *, all figures include data for Europeans and others.
- (b) estimates for incomes over \$12,000 were made from figures supplied by the Inland Revenue Department: "from the separate analyses by race and income, and from the rate of tax paid by each race, and other evidence, we can infer that approximately \$25m. accrued to Malays and \$25m. to Indians, \$150m. to Chinese and \$100m. to Europeans, in the classes with individual incomes over \$12,000." (Silcock, 1963c, p.278).
- (c) Silcock estimated that some \$800m. was unaccounted for due to under-reporting and under-assessment, partly of the income from scattered rubber small-holdings owned by Malays, but mainly of the income of businessmen, the majority of whom were Chinese: "Clearly, detailed information is unobtainable, but it seems reasonable to divide this in the proportions, Malays \$100m., Chinese \$600m., Indians \$100m." (Silcock, 1963c, p.280).

Source: adapted from Silcock, 1963c, Table A.5, Federation: Approximate distribution of total individual incomes by community, 1957.

TABLE 3.19

Peninsular Malaysia

DISTRIBUTION OF INDIVIDUAL INCOMES UNDER M\$12,000 per annum BY COMMUNITY AND BY URBAN/RURAL STATUS, 1957

	MALAYS		CHINESE		INDIANS		TOTAL
	Urban	Rural	Urban	Rural	Urban	Rural	
Total population ('000)	350	2,800	1,050	1,300	200	500	6,200
Average family income per month	\$229	\$128	\$285	\$260	\$216	\$212	
Average family size	5.7	5.0	6.1	6.6	5.1	5.1	
Annual income per head	\$482	\$307	\$561	\$473	\$513	\$499	
Estimated total of individual incomes	\$169m	\$860m	\$589m	\$615m	\$103m	\$249m	\$2,575m ^(a)

(a) the estimated total of individual income (\$2,575m) may be divided approximately between the three communities. To the nearest \$25m, the approximate totals of individual income were: Malays \$1,025m; Chinese \$1,200m; Indians \$350m.

Source: adapted from Silcock, 1963c, Table A.4, Federation: Distribution of individual incomes under \$12,000 per annum, between urban and rural districts and between races, 1957.

the west, and that it involved the immigration to Malaya of large numbers of non-Malays (primarily Chinese and Indians).

The main body of Chapter 3 (Section 3.3) analysed the structure of Peninsular Malaysia's society and economy about 1957. The analysis was undertaken with reference to two important themes.

The first theme of the analysis was a description of the spatial structure of Peninsular Malaysia's socio-economic system about 1957 (Section 3.3b). This involved consideration of the spatial distribution of socio-economic development as measured by the regional distribution of wealth-generating activities (tin-mining, rubber, and manufacturing) and of the 'advantages and fruits' of development (employment, income, physical infrastructure, and the services and social infrastructure associated with urban areas).

The text, Tables and Figures in Section 3.3b have shown clearly that by 1957 the spatial distribution of socio-economic development in Peninsular Malaysia was highly unbalanced. The wealth-generating activities and the 'advantages and fruits' of development were concentrated markedly in the West Coast States, particularly in the 'core' States of Penang, Perak and Selangor. The peripheral West Coast States of the North-West (Kedah and Perlis) and the South-West (Negri Sembilan, Malacca, and Johore) were less well developed. The peripheral East Coast States (Pahang, Kelantan and Trengganu) exhibited a very low level of economic development.

The second theme of the analysis was a description of the communal structure of Peninsular Malaysia's socio-economic system in 1957 (Section 3.3c). This required consideration of each community's

spatial distribution within Peninsular Malaysia, and of its access to the wealth generated within the economy and to the 'advantages and fruits' of development.

The text, Tables and Figures in Section 3.3c have shown clearly that by 1957 there was considerable imbalance between the Malays and the non-Malays in terms of access to the wealth and to the 'advantages and fruits' derived from the socio-economic development of Peninsular Malaysia. In 1957 the Malay community was concentrated in the rural periphery and in low-value economic activities, whereas the non-Malay communities - especially the Chinese - were entrenched in the urban 'core' and in the wealth-generating economic sectors. Thus, in 1957 Peninsular Malaysia exhibited a socio-economic system marked by a high degree of social plurality compounded by severe economic dualism.

The expressions 'social plurality' and 'economic dualism' indicate that within a country's socio-economic system there are social and economic sub-categories which are not interrelated with each other in the manner which is imperative if that country is to be welded into a fully-integrated socio-economic system. A newly-independent country cannot aspire to genuine national unity while such a divided and potentially fissiparous socio-economic system persists.

In Peninsular Malaysia in 1957 the problem of social and economic division was exacerbated severely by the association of community with socio-economic status. On the eve of independence there were great imbalances in the spatial distribution of socio-economic development between the 'core' States and the peripheral States, and between urban and rural areas. However, it was the gross imbalance between the Malays and the non-Malays in terms of the benefits which had accrued to them during the evolution of Peninsular

Malaysia's socio-economic system under the British which provided the overriding concern of the planners charged with directing the new country's course.

If Peninsular Malaysia were to arrive at a position of genuine nationhood after independence, then means would have to be sought by the planners to eliminate potentially disruptive social and economic imbalances between the Malays and the non-Malays. The non-Malays had economic power, but the Malays had the political might to pursue a vigorous course of socio-economic redressal in the new environment of socio-economic equality engendered by Merdeka. Consequently, the key to national unity in Peninsular Malaysia after independence was to be true integration of the socio-economic system so as to correct the socio-economic and political imbalance between the three main communities.

FOOTNOTES TO CHAPTER 3

64. In this respect the economic development of Peninsular Malaysia accords closely with the theory of 'cumulative causation' propounded by G. M. Myrdal towards the end of the 1950s. Myrdal's thesis was that free market forces would direct the economic development of a sparsely-populated, underdeveloped country in such a way that regional imbalances would be accentuated. Myrdal considered that certain areas would have inherent advantages for economic development (e.g. mineral deposits, a site for a port), that these areas would attract economic development to them as a consequence of these inherent advantages, and that as a result these areas would be rendered even more attractive, to the detriment of less-favoured regions. Thus a 'vicious circle' would be established, whereby advantaged regions would prosper more and more, whereas backward regions would be rendered continually more unattractive by comparison. For an account of Myrdal's theory, see Myrdal, G. M., 1957, Economic Theory and Under-Developed Regions, (Duckworth, London). For a summary, see Keeble, D. E., 1967, Models of Economic Development, Chapter 8 (pp.243 - 302) in Chorley, R. J. and Haggett, P., 1967, Models in Geography, (Methuen, London), especially pages 257 - 264 and pages 273 - 275.

65. The best account of the events described in Section 3.2 - on which the Section is based - remains that of Fisher, C. A., 1966, Chapter 17, Malaya: The Physical and Historical Setting, especially pp.592 - 603, which deal with The Establishment of British Malaya and Malaya Between the Wars.

66. "The Dindings, a rocky promontory and an associated group of small islands off the Perak coast, were obtained as a base from which to stamp out piracy in the Straits", although they were never in fact used for this purpose (Fisher, 1966, p.593).

67. Throughout this thesis the term 'Indian' will be used as a general expression for the natives of the Indian sub-continent. Thus 'Indian' will cover all immigrants from the sub-continent to Peninsular Malaysia, and no distinction is made between nationals of the modern Republics of India, Pakistan, Bangla Desh, or Sri Lanka.

68. Thailand was known as 'Siam' to Europeans from the sixteenth century until comparatively recently. "However, in June 1939 the Siamese government of Pibul Singgram decreed that the Western style of the State should henceforward be Thailand, and although this form was dropped when Pibul was ousted in 1945, it was reintroduced as the official name shortly after his return to power in 1948" (Fisher, 1966, p.484).

69. Between the Japanese surrender and the creation of the Federation of Malaya on 1st February, 1948, Peninsular Malaysia was known as the Malayan Union (created 1st April, 1946). The Malayan Union comprised Penang, Malacca, and the former Federated and Unfederated Malay States, Singapore remaining separate, but had proven very unpopular. For an account of the Malayan Union, see Allen, J. de V., 1967, The Malayan Union, Monograph Series Number 10, Southeast Asia Studies (Yale University, Yale).

70. This is especially true of developing countries. In developed countries there may be social and institutional mechanisms designed to redistribute wealth and advantages within the socio-economic system, so that populations of deprived regions might be subsidised by those of more prosperous regions. Also, the populations of developed countries tend to be more mobile than those of developing countries, both in terms of movement from region to region, and in terms of occupational mobility. Thus, in the United Kingdom, for example, nationalised education, health and social security services are designed to ensure approximately equal coverage of basic services to the entire population, regardless of regional disparities in wealth. This is in marked contrast to most developing countries, which lack such mechanisms of redistribution. In developing countries there is often a great imbalance between socially and economically developed regions (which are wealthy, and which have roads, hospitals, schools and the like), and underdeveloped regions (which lack both wealth and the 'advantages and fruits' of development).

71. The advantages of the West Coast vis-a-vis the East Coast for rubber production were numerous. Physically, the West Coast provided well-drained foot-hill sites near to the Straits of Malacca, obviating the necessity to either penetrate the Main Range or to travel round the peninsula to the East Coast. Socially and economically the West Coast had advantages such as ports, railways, public utilities, labour supply, and a ready market for rubber goods such as footwear (although most production was destined for export in unprocessed form). In all these social and economic advantages the interior and east of the peninsula was sadly lacking.

72. A feature of the Peninsular Malaysian rubber industry was that approximately half the production was derived from small-holdings of less than 100 acres, not solely from foreign-owned estates. In the light of this knowledge, it might be thought that Figure 3.4 - which depicts the distribution of rubber estates only - is misleading. However, the factors which have tied the estate rubber industry largely to the West Coast - e.g. accessibility - had influenced small-holding production also. Consequently, the distribution of small-holding rubber mirrored that of estate rubber about 1957, the small-holdings occupying small parcels of land sandwiched between the estates and other types of land-use. The concentration of small-holdings as well as of estates in the West Coast is underlined by the acreages given in Table 3.3. Although neither Figure 3.4 nor Table 3.3 present data for 1957, it may be assumed that these patterns would be virtually unchanged at independence itself.

73. It might well be considered that the two size classes considered here are inadequate as criteria by which to measure urban status, and in fact in Peninsular Malaysia today 10,000 persons is taken as the lower limit of population by which urban status is measured. This point - definition of urban status by reference to population size - is considered further in Section 7.3b.
74. Although data presented here regarding education and medical infrastructure are for 1953/1954, it may be assumed that the pattern would be little changed by 1957.
75. This thesis is particularly concerned with the relationship between the Malay, Chinese and Indian communities, and for this reason 'Others' enumerated at the 1957 Census have been omitted from the discussion. This omission means that the position of the Malays and of the Chinese and Indians is slightly overstated in each case. The inclusion of 'Others' would affect only the Peninsular Malaysia total significantly, as the Malays would be rendered just the minority in Peninsular Malaysia, 49.8% as against 37.2% (Chinese), 11.7% (Indian), and 1.3% (Others). Otherwise the patterns remain unchanged. See also note (a), Table 3.15.
76. For reasons which will become apparent as this thesis unfolds, it is the relationship between these two communities - Malay and Chinese - which is of particular importance in the Peninsular Malaysian political and socio-economic environment.
77. The strong position of the Indians in these categories is very remarkable when one considers their low population figure relative to those of the Malay and Chinese communities.
78. Broad categories of industrial classification - e.g. Agriculture, Forestry and Fishing - mask significant differences between the communities within the categories. Thus the majority of Malay agriculturalists in 1957 were found in poor agricultural activities such as padi-farming, whereas Chinese agriculturalists were concentrated in richer agriculture, e.g. market-gardening and plantations. This situation of inter-communal imbalance was repeated in other broad categories.
79. It must be acknowledged that data such as are presented here have limitations. For instance, comparison of urban and rural incomes using dollar-income as the measure ignore the subsistence aspects of the rural economy. A rural farmer may be able to supply many of his needs - for food, fuel, building materials and the like - from his holding and its environs, whereas the urban dweller must needs pay out money to satisfy his wants. Viewed in this light, the urban dweller's dollar-income might not be as superior to that of the rural dweller as it appears to be at first sight. Similarly, generalizations such as are presented here hide the fact that there were very rich Malays and very poor non-Malays, no community having a complete monopoly of either wealth or poverty. However, the generalization that in 1957 the non-Malays - especially the Chinese - were rich, with the Malays their poor cousins, was essentially valid. What is more, it is the fact that such a division is believed true by the communities of Peninsular Malaysia which has been responsible for the problems at the heart of political and socio-economic development in that country.

CHAPTER 4

National Socio-Economic Development Planning
in Peninsular Malaysia, 1950 - 1969

4.1

dependence, Peninsular Malaysia exhibited a plural economy. The fundamental structure of the socio-economic structure was characterised by the 'unities' and States' shares of wealth-generating 'advantages and fruits' of development. The very unbalanced socio-economic system in Peninsular Malaysia about 1957, have been detailed in Chapter

independence was received on behalf of Peninsular Malaysia by the newly-formed Alliance.⁽⁸⁰⁾ Freedom was accompanied by confidence in the new state's strength and resilience that potential social and economic problems might be handled smoothly. Yet, within twelve short years Peninsular Malaysia was a grave national trauma: the race-rioting of May, .

tragedy was the culmination of a decade or so during which many Peninsular Malaysians became disillusioned with the new government. As the euphoria generated by independence wore off, communal tensions grew inexorably, yet almost imperceptibly over several years the increasing pressures could not

discover suitable outlets, and remained largely unremarked as a consequence. The tragedy was that the ultimate release of inter-communal tension was manifested as the violent eruption of May, 1969.

After little more than a decade, the country which had faced the brave, new world of independence so confidently in 1957 was shocked into sudden realisation that the Peninsular Malaysian body politic was gravely ill. Chapter 4 will show how and why national socio-economic development planning in the post-independence period failed to prevent this dramatic reversal in Peninsular Malaysia's fortunes.

4.2 NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLANNING, 1950 - 1969

4.2a National Planning, 1950 - 1955

(i) Aim of National Planning, 1950 - 1955

The end of direct British control in Peninsular Malaysia was the final act in a long period of economic and political association. The post-war years were a winding-down period, during which the British concerned themselves with preparing Malaya for independence.⁽⁸¹⁾ A major part of this preparation was the securing of the extensive economic and political interests which the United Kingdom intended to maintain after her withdrawal.

Thus, there were two main factors influencing national planning policy in Malaya during the twilight of colonial rule. First, the British intended to maintain indirect guidance of the Malayan economy for as long as possible after the cessation of official control. Second, the United Kingdom wished to fashion from Malaya an independent country favourably disposed towards the former metropolitan power as

insurance against the time when even indirect control should prove impracticable. The motive was to safeguard for as long as possible the stability of the established colonial relationship between the countries, a relationship whereby Malaya served as a ready source of commodities for the United Kingdom.⁽⁸²⁾ It is in the light of this motive that national planning policy in the period 1950 - 1955 must be viewed.

The accumulated experience of several decades' economic growth in Malaya played its part in directing the course of national planning as British rule drew to its close. The development of British Malaya had been motivated by a desire to secure wealth for the United Kingdom and her Empire. At first this desire had taken the form of safeguarding the passage through the Straits of Malacca of merchantmen plying the trade-routes between India and China. Later, there was advantage to be gained from creaming-off a proportion of the wealth created by Chinese and Indian immigrants. Finally, the growth in demand for rubber and other commodities had persuaded the British to take an active interest in the development of plantations on the mainland. Subsequently, British Malaya came to be regarded as a virtually limitless source of wealth in the form of tin, rubber, and other tropical produce.

The inter-war years were the halcyon period of British rule. For the British there was an eminently profitable social, economic, and political status quo in Malaya, each Asian community appearing settled in the role allotted it by circumstance, inclination and British policy.⁽⁸³⁾ The British were able to concentrate on the task of tapping the great fount of wealth which Malaya represented. The Second World War was a drastic interruption in the seemingly ordained

scheme of things, but the hiatus of Japanese Occupation was very brief in comparison to the length of the United Kingdom's tenancy of the peninsula.⁽⁸⁴⁾ Thus, on their return to Malaya the British saw no necessity to change their attitudes regarding socio-economic development.

Consequently, after 1945 the British reapplied to Malaya those socio-economic policies which had worked successfully prior to the Second World War. In the immediate post-War years, the United Kingdom's motive was the rehabilitation of the economy and the re-establishment of Malaya's status as a source of riches for the Empire.⁽⁸⁵⁾ In the last years of colonial rule the motive was modified to that of strengthening those links with Malaya which the United Kingdom intended to preserve after independence. The imminence of self-rule was the rationale behind this policy: Malaya would soon cease to be the United Kingdom's responsibility, and assessment of the country's long-term needs could be passed over in the face of more immediate tasks.

The objectives of British planners between 1950 and 1955 were revealed by the nature of national planning in this period. It is possible to identify three main objectives of planning policy, each one a hang-over from the profitable pre-Second World War era: first, a necessity for balancing the budget; second, a desire to attract foreign capital for investment; third, a preference for economically profitable projects and programmes. These three objectives were interrelated.

The principal concern of planning in this period was that of balancing the budget year by year. "Economic policy was little more

than conservative fiscal policy" (Ness, 1967b, p.2), and budget-balancing had two attractions. First, it abetted the creation of large financial reserves, regarded by colonial Finance Secretaries as insurance against lean times (Ness, 1967a, p.95). Justification for this view was that Malaya's main exports were governed by market mechanisms over which she had little control, and the maintenance of reserves against possible reductions in revenue due to falling prices was considered prudent.⁽⁸⁶⁾ Second, it was felt that budget-balancing and the maintenance of large reserves assisted fiscal policy in creating a healthy investment climate in the country.⁽⁸⁷⁾

The second concern of planning policy was the attraction of foreign investment to Malaya. The British considered that domestic capital should not be used for development purposes if foreign capital could be diverted to the task. The budget-balancing and the maintenance of large reserves noted above were seen as the necessary pre-conditions whereby foreign investors would be lured to Malaya.⁽⁸⁸⁾

The third concern of planning policy was that socio-economic development should restrict itself to 'economic' rather than 'social' projects. 'Economic' projects were those designed to be productive of revenue in the short-term. Concentration on 'economic' projects would ensure steady increments to the funds necessary for balancing the budget, topping up the reserves and maintaining a satisfactory investment climate.⁽⁸⁹⁾

(ii) The Draft Development Plan, 1950 - 1955

The British planning policies and objectives outlined above were made flesh in the Draft Development Plan. The Draft Development

Plan was the only attempt ever made by the British in Malaya to lay down for the whole country a programme guiding several concurrent years' socio-economic development. The priority of the Draft Development Plan was the augmentation of Malaya's wealth by programmes directed at the concerns described above: budget-balancing, the creation of large reserves, the attraction of overseas capital, and the implementation of 'economic' projects.

The economic biases of the Draft Development Plan were stated clearly. In 1950 the "aim of development" was:

"to make the country more prosperous, and the methods will be those of 'good husbandry', by which is meant the cultivation of its resources in such a way that, while the individual himself benefits, the wealth of the country is permanently increased"

(Federation of Malaya, 1950, p.124).

This economic emphasis was reiterated in the Progress Report on the Draft Development Plan, which described the Draft Development Plan as

"an attempt to define the objectives of social and economic policy for the period 1950 - 1955: to balance them in relation to each other, and to plan them within range of the resources available to finance them"

(Federation of Malaya, 1953, p.2).

The foregoing underlines that at that time the creation and maintenance of wealth took first priority in socio-economic planning policy. The Draft Development Plan spoke of the "vital necessity of rebuilding the financial reserves of the country" (Federation of Malaya, 1950, p.24). Indeed, the first two short-term criteria of the Draft Development Plan were

- "(a) that Malaya should aim to make the maximum contribution that its resources permit to the early attainment of a balance in the external payments of the sterling area ...
- (b) that those projects which yield an early return are to be preferred"

(Federation of Malaya, 1950, p.23).

Every effort was to be made to recreate the economic strength of Malaya, and to re-establish the traditional economic relationship between Malaya and the United Kingdom. The intention was that Malaya's recreated wealth would be used to facilitate the recovery of the United Kingdom's war-shattered economy. This economic motivation was clear from the allocations of the Draft Development Plan, in which monies were diverted to economically productive programmes such as the building of roads and bridges, the planting of commercially valuable crops, and the construction of drainage and irrigation systems.

Table 4.1 summarizes the allocations of the Draft Development Plan. The Draft Development Plan contained detailed proposals relating to public sector development only, and public sector development monies were allocated under two broad headings: Development of Social Services and Development of National Resources and Utilities. Table 4.1 shows that approximately 72.9% of money was allocated to 'economic' development, with only 27.2% allotted to 'social' development.⁽⁹¹⁾ One 'economic' development category - Transport, Communications and Public Utilities - was allocated nearly half (49.5%) of the total M\$214.643 millions set aside for public sector development, and it is noteworthy that the allocation to this particular category was very nearly double the allocation to the entire 'social' development sector (M\$58.247 millions).

TABLE 4.1

Peninsular Malaysia

DRAFT DEVELOPMENT PLAN (1950 - 1955)
 - TARGET EXPENDITURE (a)

SECTOR	DRAFT DEVELOPMENT PLAN, 1950 - 1955	
	PLANNED EXPENDITURE (b)	
	M\$ Millions	%
ECONOMIC DEVELOPMENT		
Agriculture and Rural Development (c)	46.475	21.7
Transport, Communications and Public Utilities (d)	106.324	49.5
Commerce and Industry (e)	-	-
Other (f)	3.597	1.7
Sub-total	156.396	72.9
SOCIAL DEVELOPMENT		
Education and Training (g)	35.015	16.3
Health and Family Planning (h)	16.896	7.9
Housing (i)	3.000	1.4
Social and Community Services other than housing (j)	3.336	1.6
Sub-total	58.247	27.2
GENERAL GOVERNMENT (e)	-	-
SECURITY (e)	-	-
TOTAL	214.643	100.0

- (a) The figures presented in Table 4.1 include both Federal, State and Settlement expenditure, and refer to public sector development expenditure on works of a capital nature only. Federal commitments for expenditure on works of a capital nature were M\$186.325 millions, or 86.8% of the total M\$214.643 millions planned expenditure on capital works under the Draft Development Plan, 1950-1955. Apart from expenditure on capital works, it was expected that under the Draft Development Plan Federal sources would have to meet additional recurrent expenditure rising to M\$22.536 millions in 1955 (see Federation of Malaya, 1953, pp.2 - 3).

Notes to Table 4.1 (Continued):

- (b) As noted above, figures in Table 4.1 refer to expenditure on capital works only: data for recurrent expenditure are not included. The figures given are the unrevised allocations presented originally in the Draft Development Plan.
- (c) Table 4.1 has been constructed by adapting the information presented in the sources listed below. This adaptation took the form of amalgamating different sectors in the sources so as to be compatible with the sectors used in Table 4.1. Thus, the allocation to Agriculture and Rural Development in Table 4.1 is the sum of the Draft Development Plan's allocations to Agriculture; Fisheries; Forestry; Veterinary Services; Drainage and Irrigation; Land Settlement.
- (d) The sum of the Draft Development Plan's allocations to Broadcasting; Civil Aviation; Marine; Posts; Road Transport; Telecommunications; Public Works. The Draft Development Plan contained no specific allocation to Electricity supply or Railways.
- (e) The Draft Development Plan contained no specific allocations to these sectors.
- (f) The sum of the Draft Development Plan's allocation to Geological Survey; Mines; Co-operative Services; Information Services; Film Unit; Meteorology.
- (g) The Draft Development Plan's allocation to Education Services.
- (h) The Draft Development Plan's allocation to Medical Services.
- (i) In the Draft Development Plan, the allocation to Housing is listed under the heading Development of Resources and Utilities, which equates with the heading Economic Development in Table 4.1. However, in all later Plans provision of Housing is listed as a social service. Consequently, in Table 4.1 the Draft Development Plan's allocation to Housing has been included under Social Development, not under Economic Development. This will facilitate comparison of the Draft Development Plan with later Plans.
- (j) The sum of the Draft Development Plan's allocations to Labour and Social Welfare.

Source: adapted and compiled from data presented in Federation of Malaya, 1950, Appendix A - Education Programme, 1950 - 1955; Appendix B - Labour Programme, 1950 - 1955; Appendix C - Medical Programme, 1950 - 1955; Appendix D - Social Welfare Programme, 1950 - 1955; Appendix Y - Resources and Utilities, 1950 - 1955.

National socio-economic development planning policy in the period 1950 - 1955 has been summarized neatly by Thillainathan:

"Before the attainment of 'political independence', the economic job of the government was seen as providing a stable monetary and fiscal framework within which firms and persons could pursue their business and secondly as providing for the essential infrastructure of roads, port facilities, et cetera, to enable development to take place"

(Thillainathan, 1975, p.309).

4.2b National Planning, 1956 - 1960

(i) Aim of National Planning, 1956 - 1960

The years 1956 - 1960 encompassed the transition period during which the British custodians of Malaya handed over power to the new rulers. On the one hand the new rulers had to shoulder an increasing burden of responsibility for Malaya's government and socio-economic development, on the other hand the British were to maintain a considerable say in Malayan affairs. Indeed, on many issues the British were to reserve to themselves the final word.

Between 1956 and 1960, the problem was to find a planning approach which would satisfy the several interested parties. The three Malayan communities had their own aspirations as to what Merdeka would bring to them. The British also had expectations in respect of Malayan independence. Each community had representation in the new government, and the British maintained a presence in key positions of power. The manner in which Malayan leaders made concessions over the aspirations of their respective communities, coupled with the extent to which the British exercised their 'casting vote', directed Malayan socio-economic planning at the time. In the period 1956 to 1960,

national planning became a synthesis of the various aspirations of the new Malayan rulers tempered by continued British influence.

The leaders of the three Malayan communities believed firmly that the only acceptable course of action was one of consensus. It was especially important that agreement be reached between the Malays and the Chinese. Here the potential conflict of interest was great and the balance of power very fine.⁽⁹²⁾

Tunku Abdul Rahman was concerned to improve the economic status of the Malays. The Alliance had used the promise of rural development to curry favour among the Malays in the run-up to the 1955 General Election (Ness, 1967a) and fulfilment of the manifesto promise was vital if the United Malays National Organization (UMNO) was to maintain the support of the rural Malay electorate. However, moderate leaders of the Malay community appreciated that the country's non-Malay population - especially the Chinese - was a considerable economic asset. They had no wish to excite undue fears among the Chinese community, fears which might lead to the flight overseas of Chinese capital.

For their part, the non-Malays were apprehensive about the future which independence for Malaya held in store for them. Non-Malays wished to enhance their political status, but felt keenly their impotence in the face of Malay political might. In particular the Chinese were afraid that their loyalty had been called into question, and feared that the politically powerful Malays would seize on independence as an opportunity to act against the economic interests of the Chinese community.⁽⁹³⁾

The three communally-based parties of the Alliance - UMNO, the Malayan Chinese Association (MCA), and the Malayan Indian Congress (MIC) - each had strengths and weaknesses at the bargaining table. However, at independence the political strength of the Malays, allied to non-Malay apprehension with respect to their future, tipped the balance of power in favour of UMNO and the aspirations of the Malay community. Whilst not having an entirely free hand, in the final analysis it was UMNO which could call the tune.⁽⁹⁴⁾

For this reason, the Chinese were prepared to allow some economic concessions to the Malays in the hope of proving their own loyalty to Malaya. In this way they hoped to lay the foundation of a secure political future. Thus, Malay economic progress became "the quid pro quo for Chinese political rights" (Rudner, 1975b, p.80). The problem in the period 1956 to 1960 was to find a vehicle for Malay economic progress acceptable to both Malays and non-Malays.

(ii) The First Malaya Plan, 1956 - 1960⁽⁹⁵⁾

The solution adopted was to concentrate upon a massive programme of infrastructure development in rural areas. This compromise found general favour throughout the Alliance, each member of the Alliance having its own motive for wanting to keep the Malays contented. From the viewpoint of UMNO leaders, the provision of rural infrastructure was tangible proof of their readiness to satisfy Malay demands for a measure of economic progress. Thus it was expected to retain for UMNO the support of the rural Malay electorate. Likewise, the MCA leadership could point to such rural infrastructure development as a manifestation of Chinese support for Malay economic advancement,

and so foster goodwill among the Malay community.

Chinese politicians had a more personal and economic reason for favouring infrastructure development in rural areas. Such development needed goods and materiel which could be supplied only by Chinese businesses. Thus, much of the financial gain from rural development accrued in the short-term to the Chinese community. However, most important was the fact that rural development along these lines shielded Chinese economic interests by acting as a sop to Malay opinion, thus diverting Malay attention away from Chinese commercial activity and away from any thoughts of expropriating Chinese wealth. The Chinese community's agreement that rural development in Malay-dominated areas was in the interests of Chinese business was stated publicly:

"As a consequence of rural expansion on these lines, it will no longer be necessary to strive to adjust economic imbalance through controls in the free enterprise sector which can be allowed to continue unhindered by unnecessary constraints"

(Goh Keng Swee, 1958, p.7)⁽⁹⁶⁾

The First Malaya Plan reflected the Alliance consensus regarding development of infrastructure in rural areas. It has been estimated that probably over half the total investment in the period 1956 to 1960 went on rural development (Chee, 1974), the emphasis being almost exclusively on physical infrastructure; roads, bridges, irrigation systems, health clinics, schools and land settlement schemes (Ness, 1967b). In this respect, the First Malaya Plan continued the Draft Development Plan's preference for 'economic' rather than 'social' development. The Economic Committee allocated 60% of planned public investment during the period to 'economic' development, 30% to 'social' development, and 10% to the government sector (Rudner, 1975a).

The final allocations and expenditures of the First Malaya Plan are shown in Table 4.2. The greater allocation of monies to 'economic' rather than 'social' development is clear from the data. Table 4.2 reveals that more than two-thirds (69.2%) of the total allocation of M\$1,148.7 millions was reserved for 'economic' development, with Agriculture and Rural Development and Transport, Communications and Public Utilities - especially the latter category - receiving 67.8% (23.1% + 44.7%) of the total. By contrast, the allocation to 'social' development was a mere 18.6% of planned expenditure for the First Malaya Plan period.

The stress laid upon 'economic' development is emphasised further by the greater attainment of 'economic' development targets. Actual expenditure on 'economic' development was 95.6% of planned expenditure overall, whereas actual expenditure on 'social' development averaged only 65.3% of the targets. Indeed, the greatest single 'economic' category - Transport, Communications and Public Utilities - actually spent slightly more than had been planned, in marked contrast to the extreme shortfalls in spending on Health and Family Planning, and on Education and Training to a lesser degree (see Table 4.2). The very 'economic' emphasis of the First Malaya Plan cannot be doubted on the evidence presented in Table 4.2.

The main features of the First Malaya Plan have been summarized by Bhanoji Rao:

"In terms of actual expenditure, first priority went to infrastructure development (i.e. transport, communications utilities and industrial sites). Agriculture received a second priority. Social services and government sectors received the status of residual claimants"

(Bhanoji Rao, 1974, p.204).

TABLE 4.2

Peninsular Malaysia

FIRST MALAYA PLAN (1956 - 1960) - TARGET AND ACTUAL EXPENDITURE

SECTOR	DRAFT DEVELOPMENT PLAN 1950 - 1955 PLANNED EXPENDITURE M\$ Millions	FIRST MALAYA PLAN, 1956 - 1960					FIRST MALAYA PLAN ATTAINMENT
		PLANNED EXPENDITURE(a)		FIRST MALAYA PLAN ALLOCATIONS AS PROPORTIONS OF DRAFT DEVELOPMENT PLAN ALLOCATIONS	ACTUAL EXPENDITURE(b)		
		M\$ Millions	%		M\$ Millions	%	
ECONOMIC DEVELOPMENT Agriculture and Rural Development (c) Transport, Communications and Public Utilities(d) Commerce and Industry(e) Other	46.475	265.6	23.1	571.5%	227.5	22.6	85.7%
	106.324	513.3	44.7	482.8%	520.3	51.7	101.4%
	-	15.8	1.4	-	12.1	1.2	76.6%
	3.597	-	-	-	-	-	-
Sub-total	156.396	794.7	69.2	508.1%	759.9	75.5	95.6%
SOCIAL DEVELOPMENT Education and Training Health and Family Planning Housing Social and Community Ser- vices other than Housing	35.015	95.4	8.3	272.5%	60.9	6.0	63.8%
	16.896	50.0	4.4	295.9%	12.7	1.3	25.4%
	3.000	67.3	5.9	2,243.3%	65.2	6.5	96.9%
	3.336	-	-	-	-	-	-
Sub-total	58.247	212.7	18.6	365.2%	138.8	13.8	65.3%
GENERAL GOVERNMENT (f) SECURITY (g)	-	141.3	12.3	-	73.0	7.3	51.7%
	-	-	-	-	35.0	3.5	-
TOTAL	214.643	1,148.7	100.0	535.2%	1,006.7	100.0	87.6%

Notes to Table 4.2

- (a) The figures given in Table 4.2 are the unrevised allocations presented originally in the First Malaya Plan.
- (b) Approximate.
- (c) The sum of the First Malaya Plan's expenditures on Rubber Replanting; Drainage and Irrigation; Land Development; Survey; Fisheries; Forestry; Animal Husbandry; Research and Extension Work; Rural Industrial Development Authority (RIDA).
- (d) Includes expenditure on Public Works Department Plant and Equipment.
- (e) Site development and Mining Survey.
- (f) Municipal Development; Government Buildings; Miscellaneous expenditure (including Police).
- (g) In the First Malaya Plan, expenditure on Security did not include expenditure on Police (see note (f) above). Thus Security expenditure in the First Malaya Plan was allocated to Defence only.

Source: adapted and compiled from data presented in Federation of Malaya, 1961, Table II, Gross Public Investment, 1956 - 1960.

4.2c National Planning, 1961 - 1965(i) Aim of National Planning, 1961 - 1965

The first major test of the popularity of the economic development compromise worked out by UMNO, MCA and MIC was the 1959 General Election. The shortfalls in the attainment of Agriculture and Rural Development and in 'social' development allocated expenditure under the First Malaya Plan which were noted above precipitated a political crisis for the Alliance. Rural Malays - dissatisfied with the slow rate of progress - vented their spleen at the polls. At the elections, the governments of the States of Kelantan and Trengganu fell to the main Malay opposition, the Pan-Malayan Islamic Party (P-MIP). P-MIP was more extremist than UMNO in its championing of Malay communal aspirations, and had charged UMNO with failing to satisfy Malay economic desires and of selling-out the Malays to the non-Malays.

This manifestation of popular support for P-MIP in the Malay-dominated East Coast States was a double blow for the Alliance. First, the election result threatened to discredit UMNO's claim to be the elected representative in the government of Malay sentiment and interest. Second, the result threatened to make untenable the basic Alliance concept that the problems inherent in Peninsular Malaysia's socio-economic system could be solved by compromise between three communally-based parties representing the three ethnic groups.

The partial defeat of UMNO at the hands of P-MIP did not undermine seriously the Alliance's overall strength in the Federal Parliament.⁽⁹⁷⁾ However, it did underscore the necessity for the Alliance to reaffirm its claim to be the best vehicle for social and

economic progress in Malaya. UMNO and the Alliance concept both required that ground lost to P-MIP be recaptured swiftly.

Therefore, the aim of development planning between 1960 and 1965 was to woo the rural Malay electorate back to UMNO and the Alliance, This was to be achieved partly by reducing P-MIP popularity in Kelantan and Trengganu, but mainly by stepping up the pace of rural development so as to discredit opposition claims that UMNO was not advancing the economic status of the Malays. The Alliance's campaign to regain the support of the rural Malay electorate was encapsulated in the Second Malaya Plan.

(ii) The Second Malaya Plan, 1961 - 1965⁽⁹⁸⁾

The Second Malaya Plan was the Alliance's response to the challenge posed by the electorate's lack of faith in the Alliance development policy. As such, the Second Malaya Plan was "cast in the mould of the 1959 General Election" (Rudner, 1975a, p.53). The Alliance responded to the challenge by increasing greatly the pace of rural development. The 1960 development budget assigned 25% of capital effort to rural areas, and the total non-security investment under the Second Malaya Plan increased by more than 100% (Chee, 1974).

Tabel 4.3 lists the allocations and expenditures of the Second Malaya Plan, of which the fundamental pattern of expenditure was like that of the First Malaya Plan.⁽⁹⁹⁾ The Second Malaya Plan assigned nearly half of its expenditure to infrastructure (Bhanoji Rao, 1974), and there was emphasis on utilities, transport and communications (Rudner, 1975a). The basic similarity between the First Malaya Plan and the Second Malaya Plan is clear from Table 4.3, which shows that

TABLE 4.3

Peninsular Malaysia

SECOND MALAYA PLAN (1961 - 1965) - TARGET AND ACTUAL EXPENDITURES

SECTOR	FIRST MALAYA PLAN 1956 - 1960 PLANNED EXPENDITURE M\$ Millions	S E C O N D M A L A Y A P L A N , 1 9 6 1 - 1 9 6 5					SECOND MALAYA PLAN ATTAINMENT	
		PLANNED EXPENDITURE(a)		SECOND MALAYA PLAN ALLOCATIONS AS PROPORTIONS OF FIRST MALAYA PLAN ALLOCATIONS		ACTUAL EXPENDITURE(b)		
		M\$ Millions	%			M\$ Millions	%	
ECONOMIC DEVELOPMENT Agriculture and Rural Development (c) Transport, Communications and Public Utilities (d) Commerce and Industry (e) Other (f)	265.6	545.3	25.4	205.3%		411.1	15.5	75.4%
	513.3	905.6	42.1	176.4%		1,229.2	46.4	135.7%
	15.8	27.0	1.3	170.9%		59.1	2.2	218.9%
	-	-	-	-		0.9	0.1	-
	794.7	1,477.9	68.8	186.0%		1,700.3	64.2	115.0%
Sub-total								
SOCIAL DEVELOPMENT Education and Training Health and Family Planning Housing Social and Community Ser- vices other than Housing(g)	95.4	260.0	12.1	272.5%		236.5	8.9	91.0%
	50.0	145.0	6.7	290.0%		101.9	3.8	70.3%
	67.3	80.0	3.7	118.9%		69.4	2.6	86.8%
	-	6.0	0.3	-		112.7	4.3	1,878.3%
	212.7	491.0	22.8	230.8%		520.5	19.6	106.0%
Sub-total								
GENERAL GOVERNMENT(h) SECURITY(i)	141.3	88.1	4.1	62.3%		123.6	4.7	140.3%
	-	93.0	4.3	-		307.3	11.6	330.4%
TOTAL	1,148.7	2,150.0	100.0	187.2%		2,651.7	100.0	123.0%

Notes to Table 4.3

- (a) The figures given in Table 4.3 are the unrevised allocations presented originally in the Second Malaya Plan.
- (b) Estimated.
- (c) The sum of the Second Malaya Plan's expenditures on Rubber Replanting; Drainage and Irrigation; Land Development; Animal Husbandry; Forestry; Fishing; other associated activities.
- (d) Includes expenditure on Public Works Department Plant and Equipment.
- (e) Planned expenditure included Site Development and Rural Industry. Actual expenditure went to Malaysian Industrial Development Finance Ltd. (M\$24.1 millions); Industrial Estates (M\$24.5 millions); National Productivity Centre (M\$0.03 millions); Majlis Amanah Ra'ayat (MARA) (M\$10.5 millions).
- (f) Actual expenditure was to Mines Department and Geological Survey Department.
- (g)(h) Expenditure on Municipal Development; Government Buildings; Miscellaneous.
- (i) The Security expenditure of the Second Malaya Plan included Defence and Police. The break-down of the Security expenditure was as follows:

	PLANNED EXPENDITURE M\$ Millions	ACTUAL EXPENDITURE M\$ Millions
Defence	60.0	244.7
Police	33.0	62.6
TOTAL	93.0	307.3

Source: adapted and compiled from data presented in Federation of Malaysia, 1965, Table 2-6, Malaya: Public Development Expenditure 1956 - 65; and Table 4-1, Malaysia: Sectoral Allocation of Public Development Expenditure in 1966 - 70 as compared with 1961 - 65.

the Second Malaya Plan allocated 68.8% of total planned expenditure to 'economic' development, with 'social' development receiving only 22.8% of the total (confer Table 4.2). However, as Table 4.3 reveals, the Second Malaya Plan differed from the First Malaya Plan in the amounts of money allocated: all categories excepting General Government received a larger allocation of money. In some cases - notably Agriculture and Rural Development, Education and Training and Health and Family Planning - the increase was very substantial (see Table 4.3).

Increased allocations apart, Table 4.3 shows that actual expenditure under the Second Malaya Plan was like that of the First Malaya Plan, in that the greater emphasis was on 'economic' development. Overall the 'economic' development categories were rather better achieved than the 'social' development categories, although the shortfall in Agriculture and Rural Development (75.4% attained) was noteworthy. However, the 'economic' emphasis of the Second Malaya Plan was not as emphatic as that of the First Malaya Plan. This is attested to by the slight overspending on 'social' development (106.0% of allocated expenditure), and the more substantial overspending on General Government (140.3% of planned expenditure) and on Security (330.4% of the Plan allocation). The overall actual expenditure of the Second Malaya Plan showed a large increase over Plan targets, with planned expenditure 123.0% attained overall. This increase resulted mainly from the innovations discussed in the following paragraph.

A notable feature of the Second Malaya Plan was the re-organizing and streamlining of the development effort. New methods were employed to increase the rate of implementation of development. The innovations were quasi-military, and owed much to experience gained during the

Emergency. Decisions were taken quickly, and bureaucratic 'red-tape' was cut to the minimum. Projects were listed in the so-called 'Red Books'. Local 'Operations Rooms' kept detailed records of development, and results were displayed so that the recipients of development might assess progress. The emphasis was on visible results, the intention being to produce an obvious and overwhelming improvement in living conditions among the peasants (Fisk, 1963a). As Ness has noted,

"the country came alive with heavy equipment and construction activities that extended even to the most remote rural areas. The physical impression was absolutely unique to the region"

(Ness, 1967b, p.4).

4.2d National Planning, 1965 - 1969

(i) Aim of National Planning, 1965 - 1969

The 1964 General Election was a resounding success for the Alliance. The great increase in the rate of rural development brought about under the Second Malaya Plan had had the desired effect upon the rural Malay electorate, and the result was renewed support at the polls for the Alliance. The "massive victory" (Goh Cheng Teik, 1971, p.11) gained by the Alliance in 1964 appeared to vindicate Alliance planning policy. (100)

The Alliance had sought a socio-economic development compromise acceptable to all communities, and an apparently successful method had been discovered. Rapid development of the rural areas seemed the key to intercommunal accommodation. The aim of planning between 1964 and 1969 was to consolidate the gains of the 1964 General Election by concentrating upon the formulae proven by Alliance experiences in the first half of the decade. The First Malaysia Plan reflected the

Alliance's conviction that rapid rural development was the compromise solution best suited to Peninsular Malaysia's situation and requirements. Rapid rural development of this nature allowed the government to satisfy Malay demands for economic advancement, whilst not arousing non-Malay alarm concerning vested economic interests.

(ii) The First Malaysia Plan, 1966 - 1970⁽¹⁰¹⁾

The First Malaysia Plan restated the successful themes of the Second Malaya Plan. Modifications were that the allocation to infrastructure and utilities dropped to about one-third of total expenditure, and in the First Malaysia Plan more emphasis was placed on

"the priorities of agricultural education, extension services, research, modernisation of farming techniques, increased pace of land alienation and development, and the setting up of marketing and credit institutions"

(Chee, 1974, p.11).

Modifications notwithstanding, in its basics the First Malaysia Plan was a restatement of policies implemented under the Second Malaya Plan. The main priority continued to be the rapid implementation of rural development. There was still emphasis on projects designed to increase productivity and investment in primary and secondary industries. Allocations to infrastructure and public utilities were 30 to 35% of total development spending after 1965 (Thillainathan, 1975), and there was still stress on revenue-generating projects (Federation of Malaysia, 1969, p.110).

Table 4.4 shows the allocations and attainments of the First Malaysia Plan. The Table reveals two main features. First, the First Malaysia Plan was characterised by increased allocations to all

TABLE 4.4

Peninsular Malaysia

FIRST MALAYSIA PLAN (1966 - 1970) - TARGET AND ACTUAL EXPENDITURE

SECTOR	SECOND MALAYA PLAN 1961 - 1965 PLANNED EXPENDITURE M\$ Millions	F I R S T M A L A Y S I A P L A N , 1 9 6 6 - 1 9 7 0					
		PLANNED EXPENDITURE(a)		FIRST MALAYSIA PLAN ALLOCATIONS AS PROPORTIONS OF SECOND MALAYA PLAN ALLOCATIONS	ACTUAL EXPENDITURE(b)		FIRST MALAYSIA PLAN ATTAINMENT
		M\$ Millions	%		M\$ Millions	%	
ECONOMIC DEVELOPMENT Agriculture and Rural Development (c) Transport, Communications and Public Utilities (d) Commerce and Industry Other (e)	545.3	900.2	24.2	165.1%	911.2	25.2	101.2%
	905.6	1,216.9	32.8	134.4%	1,162.2	32.2	95.5%
	27.0	110.3	3.0	408.5%	137.0	3.8	124.2%
	-	1.3	0.1	-	0.4	0.1	30.8%
	Sub-total	1,477.9	2,228.7	60.1	150.8%	2,210.8	61.3
SOCIAL DEVELOPMENT Education and Training Health and Family Planning Housing Social and Community Ser- vices other than Housing(f)	260.0	368.0	9.9	141.5%	286.9	7.9	78.0%
	145.0	150.4%	4.0	103.7%	114.2	3.2	75.9%
	80.0	173.2	4.7	216.5%	181.1	5.0	104.6%
	6.0	105.8	2.8	1,763.0%	62.5	1.7	59.1%
	Sub-total	491.0	797.4	21.4	162.4%	644.7	17.8
GENERAL GOVERNMENT (g)	88.1	87.9	2.4	99.8%	109.0	3.0	124.0%
SECURITY (h)	93.0	599.6	16.1	644.7%	645.7	17.9	107.7%
TOTAL	2,150.0	3,713.6	100.0	172.7%	3,610.2	100.0	97.2%

Notes to Table 4.4

- (a) The figures given in Table 4.4 are the unrevised allocations presented originally in the First Malaysia Plan.
- (b) Estimated.
- (c) The sum of the First Malaysia Plan's expenditure on Agriculture; Rubber Replanting; Animal Husbandry; Land Development; Drainage and Irrigation; Forestry; Fisheries; Rural Credit and Marketing; Agricultural Research; other associated activities.
- (d) The First Malaysia Plan's expenditure on Public Works Department Plant and Equipment was contained within the category Transport.
- (e) Allocated expenditure was to Mines Department (M\$0.5 millions) and Geological Survey Department (M\$0.3 millions). Actual expenditure was only M\$0.4 millions (Geological Survey Department), the First Malaysia Plan's allocation of M\$0.5 millions to the Mines Department (for mining equipment) being transferred to the Trust Fund.
- (f) Expenditure on Major Sewerage Schemes; Fire Services; Culture, Youth and Sports; Community Services; Welfare; Aborigines (Orang Asli).
- (g) Expenditure on General Administration.
- (h) The Security expenditure of the First Malaysia Plan included Defence and Police. The break-down of the Security expenditure was as follows:

	PLANNED EXPENDITURE M\$ Millions	ACTUAL EXPENDITURE M\$ Millions
Defence	502.0	532.4
Police	97.6	113.3
TOTAL	599.6	645.7

Sources: adapted and compiled from data presented in Federation of Malaysia, 1965, Table 4-1, Malaysia - Sectoral Allocation of Public Development Expenditure in 1966 - 70 as compared with 1961 - 65; and Federation of Malaysia, 1971, Table 5-1, Public Development Expenditure, 1966 - 75.

aspects of socio-economic development (with the minor exception of the allocation to General Government, which was 99.8% of the Second Malaya Plan allocation). All other categories received allocations in excess of those contained in the previous Plan, with Commerce and Industry (408.5%), Social and Community Services other than Housing (1,763.0%), and Security (644.7%) being particularly favoured. The overall expenditure allocated under the First Malaysia Plan (M\$3,713.6 millions) showed a great increase over that of the Second Malaya Plan, being 172.7% of Second Malaya Plan allocated expenditure (M\$2,150.0 millions).

The second feature of the First Malaysia Plan was the continuing emphasis on 'economic' rather than on 'social' development, although this was reduced somewhat in comparison to previous Plans. In the First Malaysia Plan, 'economic' development was allotted 60.1% of planned public expenditure, the award to 'social' development being 21.4% of planned expenditure. This 'economic' emphasis is underlined by the rather better attainment of 'economic' targets under the First Malaysia Plan. 'Economic' development spending was 99.2% of target expenditure, whereas actual expenditure on 'social' development was only 80.9% of the original First Malaysia Plan allocation.

4.3 CRITIQUE OF NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLANNING, 1950 - 1969

As the 1964 General Election had been before it, so the General Election of 1969 was expected to be the thermometer of the electorate's opinion of the Alliance's socio-economic development strategies. The electorate's support for the Alliance's planning compromise, whereby

the Malays received economic advancement in the shape of rural development acceptable to the Chinese, would be tested again. However, in 1969 the Alliance could look back with confidence to their massive win at the 1964 elections. There was no reason to suspect that the 1969 General Election could bring anything but a repeat of the success of 1964.

The 1969 General Election dealt several crippling blows to Alliance strength. At the election, significant parts of the electorate voted in opposition to the Alliance cause. The Pan-Malayan Islamic Party regained some of the position which it had relinquished in 1964. More significantly, three new non-Malay opposition parties - the Democratic Action Party (DAP), Gerakan Ra'ayat Malaysia (Gerakan), and the People's Progressive Party (PPP) - achieved considerable success at the expense of the Alliance's non-Malay buttresses, MCA and MIC.

The 1969 General Election precipitated the series of events which led to the May, 1969 race-riots, and ultimately to the promulgation of the New Development Strategy, with the New Economic Policy at its core.⁽¹⁰²⁾ In the final analysis, national planning in Peninsular Malaysia had failed to create national unity. In retrospect, it is possible to identify the main causes of failure. These several causes will be outlined below.

The Draft Development Plan was not a comprehensive Plan of national development. The official description of the Plan as "an attempt to define the objectives of social and economic policy for the period 1950 - 1955" (Federation of Malaya, 1953, p.2) was accurate in

only a limited sense: planners were not expected to operate within a grand policy framework intended to achieve long-term, national socio-economic objectives. If this official description had been entirely accurate, then the lead would have come from the government, with Ministries and Departments being obliged to follow suit. In other words, lower echelons would have been expected to tailor their efforts to the achievement of national socio-economic objectives stated clearly from above.

In point of fact, the Draft Development Plan was quite specific that the initiative for deciding objectives - and the programmes with which to achieve them - was expected to come from below, from the Departments concerned with implementing development (Federation of Malaya, 1953). The Draft Development Plan consisted of

"lists of schemes which each Department of the Government expected to carry out during the six-year period 1950 - 1955, indicating a programme of works conforming to broadly defined long term objectives"

(Federation of Malaya, 1953, p.5).

The Draft Development Plan was "essentially an exercise in fiscal administration (Rudner, 1975a, p.31), in reality an aggrádation

"of various departmental expansion programmes, amounting to little more than projections of annual budgets. The development objectives and targets were not only ambiguous but also unambitious and there was no evidence of adoption of any development strategy"

(Ariff, 1973, p.372).

The reasons for this were threefold. First, planners in Malaya were acting in accordance with standard colonial economic practice. Second, the rumour of independence lessened any obligation upon British

planners to consider too deeply the long-term suitability of planning approaches to the requirements of Malaya in the post-Merdeka period. Third - and most important - the Draft Development Plan was a direct response to the Colonial Development and Welfare Act of 1945 (Bhanoji Rao, 1974). This Act set aside monies for the development of the United Kingdom's territories, which were expected to indent for a share of available funds. (103)

The Draft Development Plan was a logical result of the planning environment in which it was written. The aim of British planning between 1950 and 1955 was to restore Malaya to its pre-War strength and to its former status vis-a-vis the metropolitan power. British planners chose to reapply those policies - balancing the budget, building large reserves, attracting foreign investment for development, concentrating on 'economic' rather than 'social' projects - which had been accepted as correct procedure in the pre-Second World War era.

Thus, at independence, the British handed over to the new leaders a restricted socio-economic policy designed to meet a limited range of objectives. These objectives had their origin in the pre-War colonial period, and their rationale was the rehabilitation and continuance of the colonial social and economic status quo. It remained to be seen how the new leaders would modify planning policies to meet the needs of independent Peninsular Malaysia.

It turned out that political independence was not attended by socio-economic emancipation. Merdeka Day brought little weaning from the socio-economic doctrines and policies propounded by the British. The British grip on Peninsular Malaysia's socio-economic affairs after Merdeka was maintained in three principal ways.

First, the British had established certain terms in exchange for giving independence to Malaya. The conditions on which self-government was granted were established at the London Round Table Conference of 1956. The Conference provided for economic conditions intended to maintain Malaya as a source of wealth for the United Kingdom after the cessation of direct rule:

"After independence, the Conference agreed, Malaya would remain a member of the sterling area, and would maintain its sterling reserves 'at the right level'"

(Rudner, 1975a, p.13).

Second, Malaya was prevailed upon to retain British officials in advisory capacities after independence.⁽¹⁰⁴⁾ These officials continued to have great control over Alliance planning policy even after Merdeka, and in practice

"it was the economic doctrines prevailing in the Economic Secretariat more than the formal 'priorities' laid down by the Cabinet that determined actual investment allocations under the First FYP"

(Rudner, 1975a, p.36).⁽¹⁰⁵⁾

Third, the Alliance leaders had been raised themselves in a lifestyle conditioned by British influence. They had recieved a diet of British education - formal and informal - and had ingested British social, economic and political mores. In addition, independence had been attained without internecine struggle. Alliance leaders were favourably disposed towards their British mentors, and had no wish to compound the many problems attendant on self-government by implementing unprovoked policy changes.

Thus, despite the attainment of political independence, economic ties remained largely intact. Most important, the planning ethos in

Peninsular Malaysia remained virtually unchanged. Consequently, the First Malaya Plan implemented under Alliance aegis bore strong resemblance to the Draft Development Plan implemented under colonial auspices. The First Malaya Plan was just as concerned as the Draft Development Plan had been with budget-balancing, the creation of reserves, the attraction of foreign investment for development, and the implementation of 'economic' rather than 'social' programmes and projects. Balancing of the budget was a manifestation of Alliance desire for a continuation of the colonial style of financial stability. The new rulers repeated their concern that Malaya's development should still be financed from abroad:

"Foreign capital was to continue to enjoy its welcome, a point reiterated upon occasion by Alliance ministers in order to reassure anxious foreign investors" (Rudner, 1975a, p.13).⁽¹⁰⁶⁾

That 'economic' rather than 'social' development remained the favourite child of planning policy was apparent from the allocations and attainments of the First Malaya Plan.

The fact that political independence brought little real break from British economic influence meant that in 1957 a golden opportunity for reassessing planning policy was lost. The new leaders were given no real chance of analysing planning policy from a Malayan viewpoint, that is from the standpoint of a Peninsular Malaysia genuinely released from the colonial yoke. Moreover, events during the period 1957 - 1964 were to conspire to reinforce Alliance faith in the planning policy to which they were heir.

The world-wide economic recession of 1957 had serious repercussions for Malayan socio-economic planning. The retrenchments prompted

by the recession - allied with continuing British influence - meant that Alliance flirtation with changes in policy was all too brief:

"Despite official protestations favouring development, when the crunch came it was the Treasury's traditional concept of financial orthodoxy that governed Malayan economic policy"

(Rudner, 1975a, p.40).

For the Alliance, the most serious consequence of the recession was that the First Malaya Plan was not implemented fully. The overall shortfall in attainment was approximately 15% of planned expenditure (Bhanoji Rao, 1974). Moreover, traditional economic conservatism meant that the attainment of Plan objectives was uneven: 'economic' development was implemented more successfully than 'social' development. The effects of the economies upon implementation were particularly noticeable in rural areas, and by the end of 1958 it was apparent that the First Malaya Plan had failed to prevent a deterioration of Malay fortunes relative to those of the non-Malays (Rudner, 1975b). The rural Malay electorate's discontent at this state of affairs was revealed at the 1959 General Election.

The Alliance responded to the Malay dissatisfaction manifested in 1959 by placing even greater emphasis on their socio-economic planning compromise of infrastructure development in rural areas. It was considered that this agreed formula was inherently sound, and that it had failed to satisfy the Malays only because of the tardy rate of implementation. By accepting uncritically the soundness of their planning method - rural Malay discontent notwithstanding - the Alliance leaders failed to take advantage of a second good opportunity for reassessing independent Peninsular Malaysia's planning policies.

Thus, the Second Malaya Plan re-emphasised those planning policies which had been reiterated in the First Malaya Plan, and which had originated with the Draft Development Plan. Moreover, the Draft Development Plan itself had been based upon a socio-economic planning rationale founded in the pre-Second World War era. In this manner, socio-economic development policies typical of the colonial period were carried through intact to the early 1960s, and continued to permeate Peninsular Malaysian planning policy several years after Merdeka.⁽¹⁰⁷⁾

Alliance planning approaches under the Second Malaya Plan consolidated this now-traditional orthodoxy of socio-economic policy in Peninsular Malaysia. Attitudes towards development finance and fiscal priorities became even more deeply entrenched. Peninsular Malaysia's planners remained of the opinion that an investment climate attractive to foreign capital was imperative for development in the Malayan context:

"Its (Malaya's) heavy dependence on exports would make it hard to check capital flight by exchange control measures. This makes it feel insecure. It has been persuaded that the maintenance and increase of its assets depends far more on the willingness of foreign capitalists to invest in Malaya than on almost any other aspect of economic policy"

(Silcock, 1963a, p.24).⁽¹⁰⁸⁾

The Second Malaya Plan was characterised also by the "conventional wisdom of the Alliance leadership that only 'economic' projects generate income flows" (Rudner, 1975a, p.54).

In other words, the Second Malaya Plan underlined the same sort of imperative for economic accountability which in the colonial era

had been revealed by - for example - balancing the budget. The means of achieving this accountability remained the same. Thus, the Second Malaya Plan showed a now-familiar emphasis on 'economic' rather than 'social' development.

Reference to Table 4.2 and Table 4.3 shows clearly that the important differences between the First Malaya Plan and the Second Malaya Plan lay in the amounts of money allocated to - and in the level of attainment of - the latter. Much more money was allocated to development, and was actually spent, under the Second Malaya Plan. The Second Malaya Plan replaced the shortfall experienced under the First Malaya Plan with a noticeable over-attainment of planned public expenditure. The two Plans did not differ greatly in either their objectives or their programmes. They differed significantly only in amounts allocated, rates of implementation, and in levels of attainment.

The setbacks at the 1959 General Election had threatened the Alliance, which had responded to dissatisfaction among the rural Malay electorate by increasing greatly the implementation of its programme of rural development. The 1964 General Election was a great success for the Alliance, and victory at the polls appeared to be confirmation of the efficacy of government socio-economic planning policy. The 1964 General Election success assuaged any lingering Alliance fears concerning the suitability of its socio-economic development compromise as a means of curing Peninsular Malaysia's intercommunal socio-economic problems. If anything, the resounding success of 1964 persuaded the Alliance that in rural development it had not a mere remedy, but a virtual panacea for Peninsular Malaysia's many intercommunal disagreements.

Thus, by the end of 1964 national socio-economic development planning policy in Peninsular Malaysia was firmly entrenched. Events had conspired in such a way that the socio-economic ethos which had originated in the colonial period (as embodied in the Draft Development Plan) had been applied to independent Peninsular Malaysia (under the First Malaya Plan, 1956 - 1960), had been tested severely (at the 1959 General Election), had been reapplied much more vigorously (as the Second Malaya Plan, 1961 - 1965), and had been re-examined and pronounced sound (by the Alliance's victories at the 1964 General Election).

Thus, in the period 1957 - 1964 a number of factors had combined to vindicate Alliance trust in the socio-economic planning policy willed to it by the British. The First Malaysia Plan reiterated Alliance faith in massive development of infrastructure in rural areas as the compromise best suited to the development of Peninsular Malaysia's peculiar socio-economic system after independence. The extent to which this trust was unfounded was revealed at the 1969 General Election. National socio-economic development planning in the period 1957 - 1969 had failed to create national unity in Peninsular Malaysia.

4.4 SUMMARY OF MAIN FEATURES OF NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLANNING, 1957 - 1969

It may be seen from the above that the colonial style of socio-economic planning (as embodied in the Draft Development Plan) was carried through to the Plans implemented after independence. The only major break with the past was that the post-independence Plans

intentionally placed greater emphasis on highly-visible rural development (by means of infrastructure construction) as a way of mollifying Malay demands for economic advancement, without damaging Chinese vested economic interest. In particular, the post-1957 Plans were similar in their approach to national socio-economic development and the main features of national planning in independent Peninsular Malaysia are summarised briefly below.

First, there was greater emphasis upon 'economic' rather than 'social' development. This was revealed in the greater allocations to - and attainments of - the former sector in all the post-independence Plans.⁽¹⁰⁹⁾ The 'economic' approach to development was revealed also in the concentration upon revenue-generating projects which would be viable economically, and which would help to create a sound financial climate attractive to foreign investors.

Second, there was emphasis on rural rather than on urban development as a means of regaining and keeping the support of the rural Malay electorate. Rural development stressed the rapid construction of physical infrastructure such as roads, bridges, and schools. Not only was this profitable economically: it had the advantage of being a sound political compromise between the Malays and the Chinese. Every effort was made to speed implementation by avoiding bureaucratic bottle-necks.

Thus, national planning in the post-independence period can be summarised as rapid economic development of the Malay-dominated rural areas. Such an approach - in situ economic development of the Malays - did not alter significantly the Malay/non-Malay and rural/urban imbalances characteristic of Peninsular Malaysia's socio-economic system. It

served to maintain the ethnic socio-economic compartmentalisation which had been a feature of British-style planning, and consequently it failed to remove the ethnic socio-economic imbalance which stood in the way of national unity after independence. It was this failure to alter the deep-rooted socio-economic imbalances between the communities which prevented national development planning from forging national unity in independent Peninsular Malaysia prior to 1969.

4.5 CONCLUSION

The foregoing discussion has shown how the socio-economic planning ethos applied by the British was adopted by the Alliance as the method best suited to developing Peninsular Malaysia's socio-economic system after independence. The only major modification introduced by the Alliance was to concentrate attention upon the economic development of Malay rural areas as a political compromise necessitated by the changed socio-economic and political climate after the attainment of Merdeka. The race-riots which resulted from the 1969 General and State Elections brought home to Peninsular Malaysia's government and peoples the fact that national unity had not been created in the post-independence period, and forced a re-appraisal of national socio-economic development planning policy. This reassessment culminated in the promulgation of the New Development Strategy.

The remainder of this thesis will assess the role of the Federal Land Development Authority in attaining the objectives of the New Development Strategy. The New Development Strategy will be

detailed in Chapter 6. Chapter 7 will deal with FELDA's contribution to achieving the objectives of the New Economic Policy, which policy is the core of the New Development Strategy. The main findings will be summarised and presented in Chapter 8. However, Chapter 5 will first describe briefly the events of May, 1969, events so dramatic that they have had a most persistent and pervasive influence upon the development of Peninsular Malaysia's socio-economic system.

FOOTNOTES TO CHAPTER 4

80. The Alliance was a coalition between the three main, conservative parties representing each of the three main communities, namely the United Malays National Organisation (UMNO), the Malayan Chinese Association (MCA), and the Malayan Indian Congress (MIC). Brief details of the Alliance and its constituent parties are contained in the Glossary. The President of UMNO - and hence leader of the Alliance - was Tunku Abdul Rahman Putra Al-Haj (Tunku Abdul Rahman), who was to be Prime Minister of the Federation of Malaysia from independence until his retirement in September, 1970.

81. The temporary removal of British authority during the three years of Japanese Occupation initiated a surge of political awareness in Peninsular Malaysia. Once the task of economic rehabilitation had been accomplished, agitation for political independence became stronger, and by the early years of the 1950s the British had come to recognise that Merdeka would have to be granted ultimately.

82. Notably of rubber and tin, but also of products such as coconuts, copra, pineapples and tropical hardwoods.

83. There is dispute as to British policies regarding the compartmentalization of the society and the economy into various categories associated with race. The dispute centres around whether the association of race with socio-economic status arose unplanned as a result of socio-economic forces, racial preferences and communal traditions, or whether there was a deliberate British policy - at least in part - to guide certain communities into particular sectors of the socio-economic system. It has been suggested that there was a "colonial myth which identified race with special natural abilities: Chinese as good businessmen, Malays as good farmers and junior civil administrators and Indians as most suited for plantation labour and petty trading" (Far Eastern Economic Review, 1979, Vol. 105, No. 35, August 31, p.57).

84. The British reoccupied Peninsular Malaysia during September 1945, commencing with the reoccupation of Penang on the 2nd of that month. The formal surrender of all Japanese forces in Southeast Asia was signed in Singapore on 12 September, 1945. The Japanese occupation of Peninsular Malaysia lasted $3\frac{1}{2}$ years.

85. The rapid post-Second World War rehabilitation of the economy of Peninsular Malaysia has already been noted. By 1950 "Malaya was able to turn from its preoccupation with reconstruction to the problems of further economic expansion" (International Bank for Reconstruction and Development, 1955, p.19).
86. Both tin and rubber - especially the latter - were subject to fluctuations in world market price.
87. Another reason was that British colonial policy everywhere was geared to making overseas territories financially self-supporting. Colonial officials strove to keep accounts 'in the black', and were concerned that their financial activities bear up under even the most careful scrutiny by metropolitan officialdom. As Ness has noted, a balanced budget represented economic stability and administrative competence (Ness, 1967a). I am grateful to Mr. G. E. Graham for advice on these points.
88. In 1954, Mr. J. C. Mathison - an unofficial member of the Legislative Council - argued that foreign capital was vital for development, and stated that the only way to attract such capital was to balance the budget, maintain financial stability, and refrain from threats of increased taxes (Ness, 1967a).
89. On the other hand were 'social' projects such as education, medicine, and other social services. These were not favoured, on the grounds that they were unproductive of revenue. Even though it could be argued that education and medical services produced an 'economic' return (by helping to create workers who were more able, and thus more productive), such long-term gains were unattractive to planners whose objectives were essentially short-term.
90. Federation of Malaya, 1950, Draft Development Plan of the Federation of Malaya, (Government Press, Kuala Lumpur). The Draft Development Plan was also known as the 'Yellow Book', from the colour of its cover.
91. These figures do not total exactly 100.0% due to rounding. See the note to the List of Tables.
92. There evolved in Peninsular Malaysia a particular style of political activity which stressed "rationality, pragmatism, ambiguity, and gradualism" (Enloe, 1970, p.71). The modus operandi was to weigh carefully any policy moves and changes against the possible effects upon inter-communal socio-economic relations, and to proceed with any modifications only very cautiously. In practice, it was often easier to 'let sleeping dogs lie', so as not to upset the delicate intercommunal status quo. This style of politics has been referred to as the "politics of accommodation" (Ness, 1967b, p.2), or the "politics of ambiguity" (Enloe, 1970, p.71), and it "relies for its effectiveness on the capacity to side-step decisions and to shun detailed description of long-range goals, both of which are seen as likely to foster ethnic antagonisms and forces of national disintegration" (Enloe, 1970, p.71).

93. In addition to inter-communal divisions based on race, religion, language and associated factors, a series of historical events had widened the gulf between the Malays and the Chinese. First, during the nineteenth century there had been territorial disputes between Chinese tin-prospectors and resident Malays. Second, the bulk of the Malayan People's Anti-Japanese Army (MPA-JA) - which had conducted guerilla warfare against the Japanese during the war - had been Chinese, and they had seized the opportunity presented by the interregnum between Japanese and British control at the end of the war to set up 'kangaroo courts', at which many Malays had been tried and summarily executed for alleged collaboration with the occupiers. Later, the Emergency took on racial overtones, for the Communist guerillas were mainly Chinese, whereas the bulk of the Police and other indigenous government forces were drawn largely from the Malay community. As a result, many Chinese loyal to Malaya feared that independence would herald a Malay back-lash directed against Chinese interests.
94. As Enloe has observed, UMNO were "the first among equals" (Enloe, 1970, p.116).
95. Federation of Malaya, 1956, First Malaya Plan, 1956 - 1960, (Government Press, Kuala Lumpur).
96. Goh Keng Swee did not mention the Chinese specifically in his article, but that 'the free enterprise sector' was synonymous with Chinese business is abundantly clear. The article stated that Malay economic enterprise and business should remain rural - "it is in the field of rural development that Malay economic enterprise and managerial skills may best be developed and has the greatest chances of success" (Goh Keng Swee, 1958, p.6) - and argued that this would maintain harmony between the communities in the post-independence period, even though the socio-economic divisions would be preserved also.
97. The result of the 1959 election to the Federal parliament is set out below:

PARTY	PARLIAMENTARY SEATS, 1959	
	Number	%
Alliance	74	71.2
Pan-Malayan Islamic Party	13	12.5
Socialist Front	8	7.7
Perak People's Party	4	3.8
Party Negara	1	1.0
Malayan Party	1	1.0
United Democratic Party*	-	-
People's Action Party*	-	-
Independents	3	2.9
TOTAL	104	100.0

* did not contest election in 1959

Cont/...

97. Continued:

Source: Ratnam, K. J., and Milne, R. S., 1967, The Malayan Parliamentary Election of 1964, (University of Malaya, Singapore), Table XX.

98. Federation of Malaya, 1961, Second Malaya Plan, 1961 - 1965, (Government Press, Kuala Lumpur).

99. The reader is referred to the data presented in Table 4.3.

100. The result of the 1964 election to the Federal parliament is set out below:

PARTY	PARLIAMENTARY SEATS, 1964	
	Number	%
Alliance	89	85.6
Pan-Malayan Islamic Party	9	8.7
Socialist Front	2	1.9
Perak People's Party	2	1.9
Party Negara	0	-
Malayan Party*	-	-
United Democratic Party	1	1.0
People's Action Party	1	1.0
Independents	0	-
TOTAL	104	100.0

* did not contest election in 1964.

Source: Ratnam, K. J., and Milne, R. S., 1967, op.cit., Table XX.

In point of fact, it is quite possible that the "massive victory" (Goh Cheng Teik, 1971, p.11) of 1964 was occasioned not by a successful Alliance rural development policy, but by the "Confrontation" with Indonesia, which threatened the integrity of the new Federation of Malaysia. The Federation was created officially on 31st August, 1963, amid opposition from neighbouring countries, especially from Indonesia. The "Confrontation" with Indonesia lasted some three years (from 1963 to 1966), during which time trade, travel and communication between the two countries were halted. The Alliance success in 1964 probably resulted from a patriotic desire on the part of the voters not to rock the ship of state at that difficult time, rather than from satisfaction with Alliance socio-economic planning policy. On "Confrontation" see Federation of Malaysia, 1979a, p.20, and Appendix I of this thesis.

101. Federation of Malaysia, 1966, First Malaysia Plan, 1966 - 1970, (Government Press, Kuala Lumpur).
102. The General and State Elections of May 1969 - and the events which followed them - are considered in Chapter 5.
103. The Draft Development Plan was produced largely to support British Malaya's claim upon part of these funds, by showing that money spent in Peninsular Malaysia would be directed to profitable, revenue-generating projects.
104. For example, Mr. Oscar Spenser (former colonial Minister of Economic Affairs) remained as head of a small Economic Secretariat (Rudner, 1975a, p.27).
105. The "First FYP" or Five-Year Plan was the First Malaya Plan, 1956 - 1960.
106. As Rudner notes, the Alliance emphasised "fiscal propriety, 'sound' currency, and a strong external reserve position" (Rudner, 1975a, p.25). Even so, there was some preparedness to break with the past, and in 1956 H. S. Lee (the new Finance Minister) stated that the government would budget for a deficit in 1957 (Ness, 1967a). As Ness has observed, "the new men of power were willing to mortgage the future in order to stimulate the development of the economy" (Ness, 1967b, p.2). However, the 1957 economic recession was to blunt enthusiasm for great changes in planning policy.
107. A fact which did not escape at least one observer. In the early 1960s Silcock noted that the First Malaya Plan and the Second Malaya Plan - and other aspects of economic policy also - were "instances of active promotion of economic growth along lines already begun under the colonial government" (Silcock, 1963b, p.251).
108. There was apprehension that foreign agency houses would repatriate capital if it should appear threatened (Silcock, 1963a, p.25). One way to forestall this flight was by maintaining large reserves, and the adjusted figure for Malayan reserves held by official organisations and monetary bodies at the end of 1960 was M\$3,010 million (Corden, W. M., 1963, The Malayan Balance of Payments Problem, pp.112 - 130 in Silcock, T. H., and Fisk, E. K., eds., 1963, The Political Economy of Independent Malaya - A Case Study in Development, (Australian National University, Canberra). The reference is on page 121).
109. The reader is referred again to the data presented in Table 4.1, Table 4.2, Table 4.3 and Table 4.4.

CHAPTER 5

The 1969 General and State Elections
and the Events of May, 1969

5.1 INTRODUCTION

Towards the end of the 1960s, the Alliance government considered that its planning policies satisfied the development requirements of independent Peninsular Malaysia's socio-economic system. The manner in which the Alliance was brought to this conclusion has been described in Chapter 4 above. The crisis of May, 1969 came as a tremendous shock to an Alliance government leadership convinced of the soundness of its planning approach and of its political accommodation. The race-rioting precipitated by the 1969 General and State Elections was a violent symptom of dissatisfaction with the style of government and with development progress, a dissatisfaction rendered all the more traumatic to the Alliance because it was totally unexpected.

Greatest dissatisfaction was felt with the government's failure to alter after independence the status quo of socio-economic imbalance inherited from the colonial era. Disadvantaged Malaysians felt that little had been done to fulfil the aspirations for communal socio-economic equality which they had cherished since Merdeka. There was resentment that independence had achieved little for the mass of the people, and appeared merely to have substituted a new elite for the colonial overlord. (110)

The dissatisfaction with the lack of fulfilment of Merdeka's promise found violent expression in the race-riots which boiled over in the wake of the 1969 General Election. The race-riots served notice to the government of a potentially terminal cancer in the Peninsular Malaysian body politic, and forced the reappraisal of national socio-economic development planning policy which will be recounted in Chapter 6. It is the aim of Chapter 5 to relate briefly the events which led to this reappraisal.

5.2 THE COMMUNAL NATURE OF POLITICS IN PENINSULAR MALAYSIA⁽¹¹¹⁾

The development of British Malaya led to the creation of the plural society and the dual economy described in Chapter 3. Each community became identified with certain socio-economic niches, and often there was neither real necessity - nor clear opportunity - for any but superficial contacts between Malays, Chinese and Indians. Each community was more concerned about its relationship with the ruling British than about its relationship with the other two Asian communities (Silcock, 1963a). This pattern of separateness became established prior to the Second World War, and was not altered in the period between 1945 and 1957.

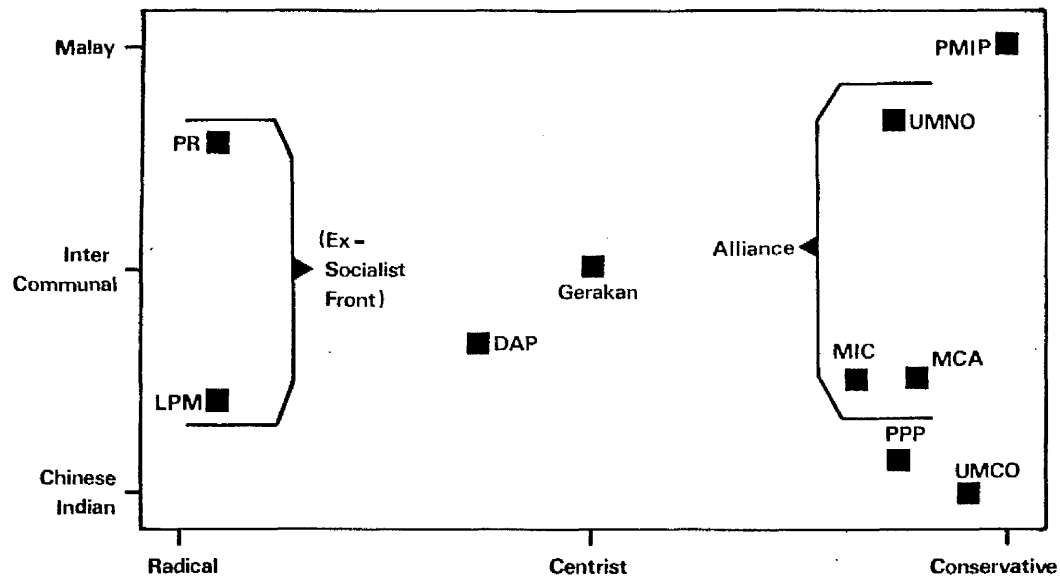
It was a natural consequence that the forces produced by ethnic separatism on the socio-economic front should have great influence subsequently upon developments of a political nature. There was little legacy of ethnic socio-economic cooperation to indicate a contrary course, and each community considered that intra-communal cohesion in the face of potential threat from the other two communities was vital

to success in the political arena. UMNO became the "symbol of Malay solidarity" (National Operations Council, 1969, p.6) in the struggle to maintain Malay political ascendancy. MCA was formed by Chinese businessmen wishing to demonstrate loyalty to Malaya by disassociating themselves from the Communist menace. Thus it was that the communalism which "has always been the salient feature of the Malaysian political system" (Gagliano, 1970, p.2) became established.

Despite intercommunal political differences, there were some areas of great interest to all Peninsular Malaysians. These common concerns provided the basis of an accommodation between the main parties - UMNO, MCA, and MIC - and the Alliance was established between them in order to facilitate the attainment of Merdeka and the prosecution of the struggle against militant Communism.

The extent to which communally-based political parties multiplied in Peninsular Malaysia is revealed in Figure 5.1, which shows the political orientation of the parties in 1969. Malay political parties were the ultra-conservative Pan-Malayan Islamic Party (P-MIP), the more liberal - yet still conservative - United Malays National Organisation (UMNO), and the left-wing Party Rakyat (PR). Non-Malay choice ranged from the moderately conservative Malaysian Chinese Association (MCA) and Malaysian Indian Congress (MIC), through the People's Progressive Party (PPP) and the United Malaysian Chinese Organisation (UMCO), to Labour Party Malaysia (LPM). Only the Democratic Action Party (DAP) and Gerakan Ra'ayat Malaysia (Gerakan) had pretensions to moderate, intercommunal status.

Fig 5.1 PENINSULAR MALAYSIA POLITICAL ORIENTATION OF PARTIES, 1969



Alliance:

UMNO United Malays National Organisation
MCA Malayan Chinese Association
MIC Malayan Indian Congress

Opposition:

DAP Democratic Action Party
Gerakan Gerakan Rakyat Malaysia
PPP People's Progressive Party
PMIP Pan Malayan Islamic Party
PR Party Rakyat
LPM Labour Party Malaysia
UMCO United Malayan Chinese Organisation

Source: Adapted from Rudner 1970, p.4

5.3 THE 1969 GENERAL ELECTION

5.3a The Campaign

The 1969 General Election was the culmination of more than five weeks' heated politicking by the parties (Gagliano, 1970), a most notable feature of which activity was the attempt by many candidates to generate support by provoking intercommunal hatred (National Operations Council, 1969). The campaign polarised along communal lines mainly, but differences of policy towards the vexed question of intercommunal socio-economic imbalance caused splits between parties hoping to win support from within the same community. The campaign became a contest between UMNO and P-MIP for Malay support in the East Coast, and between MCA and DAP/Gerakan for Chinese support in the urban areas.

The Alliance recognised that the 1969 General Election would provide a severe test of its strategy of intercommunal political accommodation, and of its socio-economic development policies. UMNO appeared to be losing ground to P-MIP, and Chinese support seemed to be slipping from MCA (Gagliano, 1970, p.9). From the start of the campaign the Alliance was on the defensive, and saw its principal task as consolidation of its established political position.⁽¹¹²⁾ Consequently, the Alliance showed a disposition to play upon the communities' fears in order to revitalise support for its modus operandi. In furtherance of this objective, Tunku Abdul Razak stated that UMNO would accept only MCA as the Chinese partner in the Alliance.⁽¹¹³⁾

By contrast, opposition parties viewed their main task as that of weakening Alliance power so as to establish a position of greater

strength from which to fight future political contests. Unlike the Alliance, opposition parties were not hindered by even an ostensible basis in intercommunal accommodation. Thus they were able to exploit to the full the potential of intercommunal hostility as a campaign weapon.

Malay opposition to the Alliance centred on P-MIP, which fielded some 60 Parliamentary candidates in the East Coast constituencies. P-MIP directed its campaign against UMNO's accommodation with MCA, and even went so far as to promise that it would create in Peninsular Malaysia a Malay-dominated Islamic theocracy. The only other Malay opposition to the Alliance was Party Rakyat, which ran on an "agrarian reform programme" (Rudner, 1970, p.4). Party Rakyat was foremost in accusing the Alliance of "deluding" the Malays with rural land development schemes (Enloe, 1970).

Non-Malay opposition to the Alliance was more organised and cohesive than the Malay opposition. The three main non-Malay opposition parties - DAP, Gerakan and PPP - had met in 1966 to forge the bond of cooperation between them. The consequence of this meeting was that in 1969 they agreed to not compete against each other, so as to provide strong opposition to the Alliance.

The non-Malay opposition was not at all worried about upsetting Malay sensitivities. All attacked vehemently the Constitution, especially those Articles enshrining the Special Rights of the Malays (National Operations Council, 1969, p.iv).⁽¹¹⁴⁾ More specifically, the anti-MCA Chinese-controlled DAP attacked MCA for giving in to UMNO pressures, and called for a 'Malaysian Malaysia' in which no community

would be able to claim special privilege. Gerakan represented itself as a middle-of-the-road multi-racial opposition to the Alliance. PPP - the weakest link of the non-Malay opposition accord - limited itself to representing the old-established Chinese community of the Perak mining districts.

5.3b The Result

The result of the 1969 General Election furnished a weakening of Alliance power so severe that it constituted the most serious setback to the Alliance since its establishment in 1952. The Alliance's share of seats in the Dewan Rakyat plummeted from 89 before the election to 66 in the aftermath. The slump was rendered more serious by the fact that the Alliance alone contested all seats, 9 Alliance candidates being returned unopposed. The full extent of the damage sustained by the Alliance is revealed in Table 5.1 and Table 5.2.

Table 5.1 relates the story of the main parties' fortunes at General Elections since 1955, and reveals their changing popularity with the electorate in terms of percentages of the poll captured. The general decline in the popularity of the Alliance between 1955 and 1969 - alleviated only by the success at the 1964 General Election - is apparent from Table 5.1. In 1969 the Alliance obtained only 49.1% of the total vote, the first time that the Alliance had not been supported by at least half those persons who had voted.

More serious than the mere fact of Alliance failure was the reason for that failure. The two non-Malay components of the Alliance - especially MCA - had fared proportionately much worse than had UMNO.

TABLE 5.1

Peninsular Malaysia

PERCENTAGE OF TOTAL VOTE OBTAINED BY PARTY AT GENERAL
ELECTIONS OF 1955, 1959, 1964 AND 1969^(a)

PARTY	Percentage of Total Vote Obtained			
	1955	1959	1964	1969
Alliance (b)	79.6	51.8	58.5	49.1
P-MIP (c)	3.9	21.3	14.6	24.3
PAP/DAP (d)	dnc*	dnc	2.0	13.5
Gerakan (e)	dnc	dnc	dnc	8.2
PPP (f)	0.1	6.2	3.4	3.4
SF (g)	0.4	12.9	16.1	dnc
Minor Parties and Independents	16.0	7.8	5.4	1.5
TOTAL	100.0	100.0	100.0	100.0

* dnc = did not contest election

- (a) contested seats only.
- (b) the Alliance was not a party as such, but a coalition of three parties: United National Malays Organisation (UMNO), Malayan Chinese Association (MCA), and Malayan Indian Congress (MIC).
- (c) Pan-Malayan Islamic Party.
- (d) People's Action Party/Democratic Action Party. The party was known as PAP prior to the expulsion of Singapore from the Federation of Malaysia in 1965, and as DAP thereafter.
- (e) Gerakan Raya'at Malaysia, or Malaysian People's Movement.
- (f) People's Progressive Party.
- (g) Socialist Front. The party was known as Labour Party in 1955, and as SF thereafter.

Source: adapted from Rudner, 1970, Table 4, Percentage of Total Vote by Party.

Table 5.2 shows that overall the Alliance's Parliamentary seats were reduced from 89 to 66 - or from 85.6% of Parliamentary seats to 63.5% - with UMNO representation dropping from 59 to 51 seats. However, although UMNO's performance was bad, it was still good relative to those of MCA and MIC. In particular, Table 5.2 reveals that the Alliance's "Chinese pillar" (Goh Cheng Teik, 1971, p.11) had been half-demolished at the 1969 General Election: only 13 of the 33 Alliance candidates presented at the polls by MCA were returned, and the number of MCA seats in Parliament fell by just over half (from 27 to 13).

The perpetrators of the 'demolition job' on the MCA were the Democratic Action Party and Gerakan Ra'ayat Malaysia, and the showings of these parties in 1969 contrast starkly with that of MCA. DAP had fielded 24 candidates, of whom 13 had scored victories, and 8 of Gerakan's 14 candidates had been successful (see Table 5.2).

The Alliance's comparative failure was due to a widening of the gap between the leaders of the Alliance, and certain socio-economic strata of the communities which they represented. Opposition leaders had told poor Chinese that MCA looked after only businessmen's interests (Enloe, 1970, p.v), and many poor Chinese were unhappy with the way MCA represented in the Alliance the interests of the poorer members of the Chinese community.⁽¹¹⁵⁾

Most serious was the implication which MCA failure had for future political stability. The obliteration of MCA's legitimacy as representative of Chinese interests "posed a severe challenge to the principle of Malay political predominance underlying the UMNO-MCA-MIC Alliance" (Rudner, 1970, p.16). Also in terms of Parliamentary

TABLE 5.2
Peninsular Malaysia

RESULTS OF GENERAL ELECTIONS TO FEDERAL PARLIAMENT
BY PARTY, 1964 AND 1969

PARTY	FEDERAL SEATS OBTAINED			
	1964		1969	
	Number	%	Number	%
Alliance	89	85.6	66	63.5
(UMNO)	(59)	(56.7)	(51)	(49.0)
(MCA)	(27)	(26.0)	(13)	(12.5)
(MIC)	(3)	(2.9)	(2)	(1.9)
PAS (a)	9	8.7	12	11.5
PAP/DAP (b)	1	1.0	13	12.5
Gerakan	0	0.0	8	7.7
PPP	2	1.9	4	3.8
SF	2	1.9	0	0.0
UDP (c)	1	1.0	0	0.0
Vacant	0	0.0	1	1.0
TOTAL	104	100.0	104	100.0

- (a) The initials PAS stand for Parti Islam Sa-Tanah Melayu, the Malay for Pan-Malayan Islamic Party.
- (b) People's Action Party (PAP) in 1964, Democratic Action Party (DAP) in 1969.
- (c) United Democratic Party.

Source: adapted from Goh Cheng Teik, 1971, Table 2, The Malayan Federal Election Results by Party, (1964 and 1969).

seats non-Malay DAP (13 seats) had replaced Malay P-MIP (12 seats) as the largest single opposition party, and by doing so at the expense of MCA had weakened even further the principle of Malay political ascendancy.

Table 5.3 makes clear this point. After 1969 DAP, Gerakan, and PPP together had 16 Chinese Members of Parliament. MCA could field only 13. Consequently, MCA could claim no longer to represent legitimately in Parliament the majority interests of Peninsular Malaysia's Chinese community. Similarly, MIC - with only two of the Indian community's 10 Parliamentary representatives - could no longer justify its position in respect of its own community.

As noted above, the DAP-Gerakan-PPP accord had regarded its main election objective as that of weakening the Alliance. Viewed in this light, the 1969 General Election furnished them with a clear-cut - if unexpected - victory. DAP, Gerakan and PPP had achieved their electoral objective of reducing Alliance legitimacy and power.

The disasters suffered by MCA and MIC were construed by the Malays to be the result of failure by Chinese and Indian voters - particularly by the former - to support the principle of Malay political dominance enshrined in the Alliance concept. For the first time since Merdeka, it seemed to the Malays that "political power was shifting (i) from the Alliance side to the Opposition parties and (ii) from the Malay race to the immigrant minorities" (Goh Cheng Teik, 1971, p.13).

TABLE 5.3

Peninsular Malaysia

RESULT OF GENERAL ELECTION TO FEDERAL PARLIAMENT
BY PARTY AND BY COMMUNITY, 1969

PARTY	FEDERAL SEATS OBTAINED			Party Seats	
	C O M M U N I T Y			Total	%
	Malay	Chinese	Indian		
Alliance				66	63.5
UMNO	(51)	-	-		(49.0)
MCA	-	(13)	-		(12.5)
MIC	-	-	(2)		(1.9)
P-MIP	12	-	-	12	11.5
DAP	-	10	3	13	12.5
Gerakan	1	4	3	8	7.7
PPP	-	2	2	4	3.8
Community Seats Total	64	29	10	103 ^(a)	100.0 ^(b)

(a) one seat vacant (see Table 5.2 above). The percentages in the final column are calculated against a total of 104 seats.

(b) The calculation of percentages against a total of 104 seats means that these percentage figures total 99%, not 100%. The difference (1%) is made up by the one vacant seat.

Source: adapted from Rudner, 1970, Table 3, Election Results by Community and Party.

5.4 THE RESULT OF THE ELECTION TO THE SELANGOR STATE GOVERNMENT

The wound suffered by the Alliance at the 1969 General Election was severe, but not fatal. Table 5.3 shows that the Alliance still held a majority in Parliament, and that UMNO remained the largest single party by far. The Alliance held 66 (63.5%) of the total 104 Parliamentary seats, UMNO's share alone being 49.0% of the total. Moreover, the combined total of Malay Members of Parliament was 64 (see Table 5.3), thus assuring the Malay community a majority on any intercommunal issues which would override mere political affiliations. Malay political ascendancy at Parliamentary level was diminished, but in no way eradicated.

However, at State level the shift of power from the Alliance was more marked. Prior to the 1969 elections, the Alliance had held all States except Kelantan. In the run-up to the 1969 elections, Alliance recognition of its declining fortunes had persuaded it that it was faced with the loss of Penang in addition to continued failure in Kelantan. Alliance defeat in Perak and Selangor was considered a possibility also, though defeats in these States was not thought probable. Consequently, Alliance failure to gain majorities in Perak and Selangor in the face of combined opposition came as a great surprise, both to the Alliance and to their opponents.

The situation became particularly tense in Selangor. Table 5.4 reveals that the Selangor State election was a debacle for the Alliance. The number of seats held by the Alliance in the Selangor

TABLE 5.4

State of Selangor

RESULTS OF ELECTION TO STATE ASSEMBLY BY
 PARTY, 1964 AND 1969

PARTY	STATE SEATS OBTAINED					
	1964			1969		
	Entered	Lost	Won	Entered	Lost	Won
Alliance	28	4	24	28	14	14
(UMNO)	(13)	(0)	(13)	(13)	(1)	(12)
(MCA)	(12)	(4)	(8)	(12)	(11)	(1)
(MIC)	(3)	(0)	(3)	(3)	(2)	(1)
PAP/DAP (a)	5	5	0	12	3	9
Gerakan	dnc*	-	-	8	4	4
PPP	4	4	0	dnc	-	-
PAS (b)	7	7	0	12	12	0
SF	26	22	4	dnc	-	-
Independent	dnc	-	-	1	0	1
State Seats Total			28			28

* dnc = did not contest election

(a) People's Action Party (PAP) in 1964, Democratic Action Party (DAP) in 1969.

(b) PAS stands for Parti Islam Sa-Tanah Melayu, or Pan-Malayan Islamic Party (P-MIP).

Source: adapted from Goh Cheng Teik, 1971, Table 6, Selangor State Election Results (1964 and 1969).

State legislature slumped from 24 to 14, and - as at the election to the Federal Parliament - the main collapse was in the Alliance's two non-Malay supports. Table 5.4 shows that UMNO support between 1964 and 1969 remained virtually unchanged, UMNO gaining only one fewer seat in 1969 (12 seats in 1969, as opposed to 13 seats in 1964). By contrast, MCA seats were slashed in number from 8 in 1964 to 1 in 1969, 11 MCA Alliance candidates failing to be returned. MIC's reduction in strength from 3 seats to 1 seat mirrored MCA's downfall.

Again, the conclusion drawn by the Malay community was that Chinese and Indian voters - in Selangor now - were rejecting the principle of Malay-dominated political accommodation which was enshrined in the Alliance concept. Thus, the result of the Selangor State election was to add to the apprehensions felt by the Malays as a consequence of the decline in Alliance power experienced at Federal level.

The immediate consequence of the Selangor result was that the Alliance - with exactly half the State's seats, 14 out of the total of 28 - was incapable of continuing as State government. Unfortunately, the serious consequences which were to arise from this state of affairs were not obvious immediately. Only post facto did it become clear that the decline in Alliance power - coupled with the possibility of a Selangor State government ruled by a DAP-dominated opposition - were the two goads which roused intercommunal hostility from its slumber.

5.5 THE EVENTS OF MAY, 1969⁽¹¹⁶⁾

The events subsequent to the result of the Selangor State election may be subdivided into two phases. First, there was a period of some

two days - May 11th and May 12th - during which resentment between the Malay and non-Malay communities rose to a head. This was followed by a period of approximately 24 hours - May 13th - during which the intercommunal tension exploded into overt racial violence.

5.5a May 11th and May 12th, 1969

The sudden demise of the Alliance in Selangor came as a shock to all concerned, but opposition surprise turned quickly to joy when the full extent of their success in reducing Alliance power in that State became clear. Soon many non-Malay youths - party-workers and supporters of the opposition parties - were hailing the Selangor result as a non-Malay victory over entrenched Malay political power. Moreover, DAP and Gerakan leaders were prepared to exploit fully the situation in order to consolidate their unexpected political gains.

In the wake of the Selangor State result, the non-Malay opposition had a distinct psychological advantage over the discomfitted Malays. The 11th and 12th May saw that advantage pushed home. On those days DAP and Gerakan held noisy, intimidating and racially-provocative 'victory' processions on the streets of Kuala Lumpur. On many occasions Chinese and Indian youths went out of their way - often literally - to hurl obscenities at Malay passers-by and at the largely Malay Police lining the processions' routes.

During this period, neither DAP nor Gerakan leaders attempted to restrain their supporters, who freely taunted the Malays over their loss of political face. Soon non-Malay opposition fervour had grown out of all proportion to the success which had been achieved: "what started as political activity was allowed to deteriorate into race-baiting" (National Operations Council, 1969, p.V).

On May 12th a large, licensed Gerakan procession was led by successful candidate Dr. Tan Chee Khoon, and the pattern of racial provocation was repeated. Non-Malay youths even entered the Malay residential stronghold of Kampong Bahru and threatened that they would 'evict' the Selangor Mentri Besar.

Malay reaction to these events was a mixture of alarm and anger. There was apprehension that opposition claims to have ousted Malay political power might be justified, concern over the willingness of the Police and government to protect Malay interests, lives, and property, and anger at the insults directed against Malays as individuals, as a community, and as a viable political force.

On the evening of May 12th, UMNO youth workers from Kampong Bahru approached Alliance assemblyman Haji Razak bin Ali and demanded a 'victory' procession of their own. After all, the UMNO part of the Alliance had not fared badly at the Selangor State election. Accordingly, an UMNO procession was arranged for the following day, May 13th.

5.5b May 13th, 1969

The UMNO procession was scheduled to leave the Mentri Besar's residence at 7.30 pm, but a large crowd of Malays had gathered outside the residence at least two hours before-hand. Many Malays feared that the procession would be attacked, and had taken the step of arming themselves with weapons such as knives, sticks and bottles.

At approximately 6 pm fighting broke out in the Setapak area of Kuala Lumpur between non-Malays, and Malays who were on their way to Kampong Bahru to join the procession. News of the fighting soon

reached the throng gathered outside the residence of the Mentri Besar. Ignoring the Mentri Besar's pleas for calm, a crowd of some 200 to 300 armed Malay youths left Kampong Bahru for the Jalan Tuanku Abdul Rahman area of the capital. Federal Reserve Unit troops which arrived shortly after this mob had left were in time to stop more Malays from leaving the vicinity of the Mentri Besar's residence.

The situation deteriorated rapidly in the tense atmosphere which prevailed. Emotions were fanned by rumour of intercommunal fighting, and there was little opportunity for reconciliation. Serious race-rioting erupted in Kampong Bahru and in the non-Malay Chow Kit and Jalan Raja Laut areas of Kuala Lumpur, and very soon "mob-madness had seized the city" (Gagliano, 1970, p.17).

Events moved so quickly that the Police and Federal Reserve Units were unable to cope. By 8 pm on May 13th the race-rioting was so serious that Deputy Prime Minister Tun Haji Abdul Razak bin Dato' Hussein declared a city-wide curfew, and ordered the Army to reinforce the civil and para-military security forces. During the night of the 13th/14th May the authorities were hard put to quell the frequent inter-communal clashes, murders, and incidents of looting and arson. However, Police reinforcements arrived from Ipoh during the small hours of May 14th, and by Wednesday morning a semblance of calm had been restored to the shattered city.

5.6 THE CONSEQUENCES OF MAY 13th, 1969

In the immediate aftermath of the Kuala Lumpur race-riots the government reacted swiftly to prevent similar out-bursts occurring in other parts of the country. On May 15th a State of Emergency was

declared, and on the 16th the 24-hour curfew effective in Kuala Lumpur was extended to the remainder of Selangor and to the States of Malacca, Negri Sembilan, Perak, Penang and Kedah. Measures taken to control the situation included the suspending of the Constitution, the indefinite postponement of the reconvening of Parliament, the gaoling of some new Members of Parliament, and the halting of the elections pending in East Malaysia. In addition to these measures the publishing of newspapers was suspended.

On May 20th an Emergency Cabinet was formed. This Cabinet appointed an 8-man National Operations Council to restore law and order, to ensure the smooth running of the administration, and to start the long process of restoring peace and confidence between the communities (National Operations Council, 1969, p.77). The efforts of the National Operations Council notwithstanding, sporadic inter-communal clashes occurred in Peninsular Malaysia during the remainder of May and during June.

The physical cost of the May 13th race-riots was high. Official figures put the total number of deaths in Kuala Lumpur at 196, with many wounded (National Operations Council, 1969, p.88).⁽¹¹⁷⁾ Rioting, looting and arson had caused great damage to property. There was also the financial cost of the Police and Army operation necessary to curtail the riots.

Severe though the physical damage was, of much greater consequence was the damage inflicted on intercommunal relations. The apparant harmony between Malays and non-Malays had been exploded into a myth at the first major upset of the "delicately balanced communal

equation" (Snider, 1969, p.1) whereby the Malays maintained political power as insurance against non-Malay economic strength being transformed into total dominance of Peninsular Malaysia's socio-economic system. Whatever the proximate causes of the unrest, closer scrutiny revealed that the fundamental reasons were buried deep in Peninsular Malaysia's social and economic framework:

"On that day we were jolted into a sharp realisation that the racial problem in this country is a serious one and measures taken in the past to cope with it have not proved adequate"

(National Operations Council, 1969, p.iii).

The deep-seated imbalances between Peninsular Malaysia's communities, socio-economic groups and geographical regions - a legacy of the colonial development policies which had been transferred intact to the independent Federation - were identified as the real culprits. In particular, Malay feelings of socio-economic inferiority relative to the non-Malays were seen as the root cause, and it was recognised that national unity could not be expected to grow in a country whose socio-economic system was characterised by social plurality and economic dualism exhibiting such a marked ethnic component. It was imperative that a new approach to national socio-economic development be discovered if Peninsular Malaysia were to stand a real chance of achieving genuine nationhood in the future. The New Development Strategy was promulgated in an attempt to forge the national unity whose absence had been disclosed so tragically in May, 1969.

The present Chapter has recounted the events of May, 1969. Chapter 6 will show the effect which these events had upon national socio-economic development planning in Peninsular Malaysia in the post-1969 period.

FOOTNOTES TO CHAPTER 5

110. Rudner states that Abdul Aziz bin Ishak - ex-Minister of Agriculture, who had joined the Opposition bench - had denounced the Alliance, saying that beneath the surface of apparent prosperity "lay a sullen but ignored mass whose mood reflected 'the quiet anger of a people who feel that they have been defrauded of the fruits of Merdeka, and the price of freedom has turned to sand in their mouths. Our people are watching and they see that the entire colonial structure is intact excepting that a few brown faces have replaced the white faces in the air-conditioned offices and the big American cars'" (Rudner, 1975a, p.58).

111. In addition to works listed in the Bibliography, the reader interested in politics in Peninsular Malaysia will find the following books of use: Means, G. P., 1976, Malaysian Politics, 2nd edition, (Hodder and Stoughton, London); Mills, L. A., 1958, Malaya: A Political and Economic Appraisal, (University of Minnesota Press, Minneapolis); Milne, R. S., and Mauzy, D. K., 1978, Politics and Government in Malaysia (Federal Publications, Singapore); Ratnam, K. J., 1965, Communalism and the Political Process in Malaya, (University of Malaya Press, Kuala Lumpur); Ratnam, K. J., and Milne, R. S., 1967, The Malayan Parliamentary Election of 1964, (University of Malaya Press, Singapore); Reid, A., 1969, The Kuala Lumpur Riots and the Malaysian Political System, Australian Outlook, Vol. 23, No. 3, pp.258 - 279; Scott, J. C., 1968, Political Ideology in Malaysia: Reality and the Beliefs of an Elite, (Yale University Press, Yale); Vasil, R. K., 1972, The Malaysian General Election of 1969 and 1972, (Oxford University Press, Kuala Lumpur); Yong Meung Chong (ed.), 1974, Trends in Malaysia II: Proceedings and Background Paper, (Singapore University Press, Singapore).

112. By means fair or foul. Snider notes that UMNO attempted to sway voters in Kelantan away from P-MIP by offering a 'bribe' of M\$548 million for development if the Alliance were victorious in that State (Snider, 1969, p.4).

113. Snider refers to this as the "threat-and-fear" approach (Snider, 1969, p.3).

114. "During the campaign a number of Opposition candidates attacked the Constitution in racialist terms. They twisted and misrepresented certain provisions in the Constitution, principally Articles 152 and 153. They agitated for the removal of Article 153 which provides safeguards for the special provision of the Malays" (National Operations Council, 1969, p.iv).

115. "The voter revolt of May 10 represented a revolt not only against a Malay-dominated government, but also against the patronising style of government prevalent during almost 15 years of Alliance rule - a style that can perhaps best be summed up as 'papa knows best'" (Snider, 1969, p.6).
116. For a detailed account of the events subsequent to the Selangor State election in May, 1969, see the official account of the riots: National Operations Council, 1969, The May 13 Tragedy - A Report, (Government Press, Kuala Lumpur). As indicated below, some doubt has been expressed about the accuracy of the official account in regard to such items as the number of deaths which occurred during the Kuala Lumpur riots. However, the official account's reporting of the order in which certain events occurred does not appear to be disputed. Consequently, unless stated otherwise, Section 5.5 is based on the official account. A brief, alternative account is that of Edmonds, 1973, Chapter 12.
117. This was the figure put out officially in the immediate aftermath of the riots, but it has been disputed from more than one quarter. For example, Edmonds claims that Tun Razak and Tunku Abdul Rahman tried to "maintain the fiction" that the riots were not as serious as indicated (Edmonds, 1973, p.119), and states that foreign estimates put the number of those killed as high as 1,000 (Edmonds, 1973, p.118). More significant, in a recent interview with the Far Eastern Economic Review the then Prime Minister - Datuk Hussein Onn - mentioned that "hundreds" of people died in the race-riots of May 13, 1969 (Far Eastern Economic Review, 1979, Volume 103, Number 4, January 26, pp.18 - 23). Whatever the exact figure, it would appear that the 1969 race-riots were much more serious in terms of deaths, numbers injured and damage to property than government sources have been wont to admit.

CHAPTER 6

The Consequences of the Events of May, 1969 for
National Socio-Economic Development Planning in
Peninsular Malaysia

6.1 INTRODUCTION

Chapter 4 showed how the limited socio-economic development policies practised by the British in the colonial era were passed on to the Alliance in 1957, and became accepted subsequently as the correct policies for developing Peninsular Malaysia's socio-economic system after independence. Chapter 5 revealed that there was great dissatisfaction with the nature of national planning among ordinary Peninsular Malaysians, and that the disadvantaged of all communities felt that nothing had been done to alter the socio-economic imbalance inherited from British Malaya.

The general dissatisfaction at the persistence after 1957 of socio-economic imbalance - especially with ethnic socio-economic imbalance - which had originated during the British period, found expression in the violence which exploded after the 1969 elections. The deep-seated ethnic imbalances inherited from the pre-independence period were identified officially as the greatest obstacles to national unity, and the government set about seeking ways and means to remove these barriers to the development of a Peninsular Malaysian nation. (118)

The most important consequence which this national soul-searching had was the promulgation of the New Development Strategy, with its components the Rukun Negara and the New Economic Policy. It is the aim of Chapter 6 to reveal the course which this reappraisal of national socio-economic development planning took, and to detail the consequences which the New Development Strategy has had for national planning in Peninsular Malaysia today.

6.2 THE NEW DEVELOPMENT STRATEGY⁽¹¹⁹⁾

The New Development Strategy which resulted from the race-riots of May, 1969 had its origin in the imperative of avoiding a repetition of such an occurrence. The inter-ethnic imbalances ingrained in Peninsular Malaysia's socio-economic system were identified as the root-causes of the disturbances, and the New Development Strategy has been adopted in order to eradicate the social and economic problems at the heart of Peninsular Malaysia's predicament. It is the New Development Strategy which supplies the basic ethos of national planning in Peninsular Malaysia today.

The New Development Strategy has been modified and developed somewhat since its inception, in order to provide a general foundation for national planning in Peninsular Malaysia. The New Development Strategy was born in 1971, having its genesis with the series of national five-year Plans which commenced with the publication of the Second Malaysia Plan (1971 - 1975) in that year. So far, two Plans in the series have been produced: the Second Malaysia Plan (1971 - 1975), and the Third Malaysia Plan (1976 - 1980). An assessment of these two Plans will reveal the main characteristics of the New Development Strategy.⁽¹²⁰⁾

The New Development Strategy is a direct consequence of the May, 1969 race-riots, which events happened to coincide closely with the end of the First Malaysia Plan. Thus, the way was clear for the vital new development principles to be incorporated into national planning strategy by way of the imminent Second Malaysia Plan.

Accordingly, the Second Malaysia Plan:

"added a new dimension to the nation's developmental efforts by proclaiming the laudable objective of initiating steps to correct economic imbalances. The planners had mainly two imbalances in view: regional and racial"

(Bhanoji Rao, 1974, p.23).

The Second Malaysia Plan was conceived hurriedly in the immediate aftermath of the 1969 disturbances. Consequently it did not go into very great detail concerning the New Development Strategy. The Second Malaysia Plan stated merely the skeleton of the strategy of which it formed the first stage. It was left to the next Plan - the Third Malaysia Plan - to flesh out the bones of the New Development Strategy with a more considered statement of the ways in which its objectives were to be achieved. (121)

The Second Malaysia Plan and the Third Malaysia Plan were guided by an overall Outline Perspective Plan (1970 - 1990). This is not a development Plan as such. Rather, the Outline Perspective Plan is intended to be an indication of the ultimate goal towards the attainment of which individual Plans are directed.

The long-term future considered in the Outline Perspective Plan received only passing treatment in the Second Malaysia Plan. However, the Second Malaysia Plan did indicate that the solution to Peninsular

Malaysia's social and economic problems would not be quick in coming:

"The specific policies and programmes described in later Chapters are concerned primarily with development over the five years. However, what comes after 1975 is equally of great importance"

(Federation of Malaysia, 1971, p.9).

The Outline Perspective Plan took on more concrete form in the Mid-Term

Review of the Second Malaysia Plan:

"To provide us with a clear perspective of the efforts which must be made and to enable us to measure and monitor our efforts meaningfully, as we move from one Plan to the next, an Outline Perspective Plan covering the period up to 1990 has been prepared"

(Federation of Malaysia, 1973, p.v).⁽¹²²⁾

The Third Malaysia Plan went into even greater detail devoting an entire chapter (Chapter IV) of forty pages to the Outline Perspective Plan.

The New Development Strategy may be considered to have two aims, the one long-term, the other short-term. The long-term aim is a deliberate attempt to create national symbols and institutions as a foundation for the national unity to be created in Peninsular Malaysia, and is embodied in the Rukun Negara, or National Ideology. The short-term aim is the immediate amelioration of the socio-economic status of the Malays vis-a-vis that of the non-Malays. The short-term aim is encapsulated in the New Economic Policy.

Malay political dominance, and the Malays' status as the indigenous community, dictate that the symbols and institutions of Rukun Negara reflect Malay rather than non-Malay values. However, care must be taken that non-Malays do not feel unnecessary antipathy to the very symbols which are intended to foster national unity by breaking down

the barriers between the communities. Thus, traditional Malay loyalties - loyalty to the country, loyalty to the Sultans, and acceptance of Malay as the national language and of Islam as the national religion - are augmented where practicable by non-Malay values.⁽¹²³⁾ Even so, Malay traditions and culture permeate those symbols and institutions intended to have national appeal.⁽¹²⁴⁾

The short-term objectives of the New Economic Policy are the more pressing component of the New Development Strategy. There are several reasons for the emphasis upon the New Economic Policy. First, the Malays - as indigenes - feel that their aspirations should take precedence over those of the non-Malay communities. Second, the politically-powerful Malays have the necessary leverage to force this priority on the Malay-dominated government. Third, the race-riots of May, 1969 were seen primarily as a Malay back-lash in the face of perceived non-Malay gains in political strength.⁽¹²⁵⁾ Thus, the immediate priority of the New Development Strategy is the rapid improvement of Malay socio-economic status via the short-term objectives of the New Economic Policy.

6.2a Rukun Negara

The desire to provide a basis of beliefs and loyalties on which to build a united Peninsular Malaysian nation is expressed as the National Ideology, or Rukun Negara. The Rukun Negara was proclaimed officially on 31st August, 1970, and is said to provide:

"the ideological foundations for a common value system among Malaysians which transcends ethnic, cultural and socio-economic differences within the nation"

(Federation of Malaysia, 1976, p.91).

Rukun Negara was mentioned first in the Second Malaysia Plan, in Chapter 1 of which it was emphasised that future strategy for development was to be guided by the National Ideology. In fact, Rukun Negara supplies the ideological basis of all the development Plans spanning the period 1970 to 1990.⁽¹²⁶⁾

Rukun Negara aims not only at providing common ground on which Peninsular Malaysia's communities can meet: it also specifies how this common ground is to be achieved. Rukun Negara acknowledges that it is the many divisions within Peninsular Malaysia's socio-economic system which are the source of the national malady, and identifies those ills which require immediate attention. The National Ideology takes as its rationale:

"the fundamental premise that unemployment and poverty, especially in a relatively affluent society like that of Malaysia, is an affront to human dignity and that racial imbalances in the opportunities to participate in the economic life of the country have the seeds for social and political tension"

(Federation of Malaysia, 1973, p.61).

Two areas of particular concern are singled out for special consideration. The first is the eradication of poverty by raising incomes and by providing employment. The second is the restructuring of Peninsular Malaysia's socio-economic system. The manner in which these two areas are to be tackled is more specifically the province of the New Economic Policy.⁽¹²⁷⁾

6.2b The New Economic Policy

The New Economic Policy pervades all that is official in Peninsular Malaysia today. Scrutiny of the main features of the Second Malaysia Plan and of the Third Malaysia Plan enables the

fundamental components of the New Economic Policy to be identified. By bringing together the available information, it is possible to summarise the principles guiding development planning in Peninsular Malaysia today.

(i) The Second Malaysia Plan, 1971 - 1975⁽¹²⁸⁾

As envisaged in 1971, the Second Malaysia Plan incorporated a "two-pronged New Economic Policy for development" (Federation of Malaysia, 1971, p.1). The New Economic Policy has two main policy platforms, or 'prongs'. The first prong is the redressal of poverty by policies aimed at raising income levels and at increasing opportunities for employment. The second prong is the restructuring of Peninsular Malaysia's socio-economic system so that race should be associated no longer with socio-economic status.

More specifically, the first prong of poverty eradication is to be achieved by:

- "(i) Increasing the productivity and income of those in low productivity occupations through the adoption of modern techniques and better use of facilities. Measures for this purpose include programmes for double-cropping, off-season and inter-cropping, drainage and irrigation, improved marketing and credit, and financial and technical assistance to small-scale businesses and industries.
- (ii) Increasing opportunities for inter-sectoral movements from low productivity to higher productivity activities in new land development schemes, modern fishing and forestry projects and in commerce, industry and modern services; also the provision of financial and technical assistance, education and training opportunities and the necessary organisational arrangements to facilitate movements into these modern sectors.
- (iii) Providing a wide range of free or subsidised social services especially designed to raise the living standards of the low-income groups. Such services include public housing projects, subsidised rates

(Continued)

(Continued)

for electricity, water and transportation, health and medical services, improved educational opportunities and increased recreational and community facilities"

(Federation of Malaysia, 1971, p.4).

The restructuring of the socio-economic system so as to correct inter-ethnic socio-economic imbalance is to be attained by policies and programmes designed to:

"modernise rural life, encourage a rapid and balanced growth of urban activities, provide improved education and training programmes at all levels, and above all, ensure the creation of a Malay commercial and industrial community in all categories and at all levels of operation, in order that within one generation Malays and other indigenous people can be full partners in the economic life of the nation"

(Federation of Malaysia, 1971, p.6).

The Mid-Term Review of the Second Malaysia Plan reiterated the information presented above, and added that "new growth centres" (Federation of Malaysia, 1973, p.20) would be established as part of the effort to restructure the socio-economic framework. The Mid-Term Review said also that the most important parts of the New Economic Policy were:

- "(i) generation of employment opportunities to bring about full employment of the labour force;
- (ii) growth and redistribution of ownership of economically productive assets so that within a generation the Malays and other indigenous people will own and operate at least 30% of the total"

(Federation of Malaysia, 1973, p.62).

The main features of the Second Malaysia Plan are summarised in Table 6.1. Table 6.1 shows that the original expenditure planned for the public sector over the period 1971 - 1975 was M\$5,868.12 million,

TABLE 6.1

Peninsular Malaysia

SECOND MALAYSIA PLAN (1971 - 1975) - TARGET AND ACTUAL EXPENDITURE

SECTOR	FIRST MALAYSIA PLAN 1966 - 1970 PLANNED EXPENDITURE M\$ Millions	S E C O N D M A L A Y S I A P L A N , 1 9 7 1 - 1 9 7 5					
		PLANNED EXPENDITURE(a)		SECOND MALAYSIA PLAN ALLOCATIONS AS PROPORTION OF FIRST MALAYSIA PLAN ALLOCATIONS	ACTUAL EXPENDITURE(b)		SECOND MALAYSIA PLAN ATTAINMENT
		M\$ Millions	%		M\$ Millions	%	
ECONOMIC DEVELOPMENT Agriculture and Rural Development (c) Transport, Communications and Public Utilities (d) Commerce and Industry Others (e)	900.2	1,570.86	26.8	174.5%	1,747.02	21.6	111.2%
	1,216.9	1,739.61	29.6	143.0%	2,453.21	30.4	141.0%
	110.3	564.53	9.6	511.8%	1,542.34	19.1	273.2%
	1.3	23.76	0.4	1,827.7%	29.38	0.4	123.7%
Sub-total	2,228.7	3,898.76	66.4	174.9%	5,771.95	71.5	148.0%
SOCIAL DEVELOPMENT Education and Training Health and Family Planning Housing Social and Community Ser- vices other than Housing(f)	368.0	458.89	7.8	124.7%	575.78	7.1	125.5%
	150.4	171.08	2.9	113.8%	144.34	1.8	84.4%
	173.2	136.16	2.3	78.6%	185.94	2.3	136.6%
	105.8	69.89	1.2	66.1%	226.54	2.8	324.1%
Sub-total	797.4	836.02	14.2	104.8%	1,132.60	14.0	135.5%
GENERAL GOVERNMENT (g)	87.9	139.27	2.4	158.4%	227.34	2.8	163.2%
	599.6	994.07	16.9	165.8%	943.94	11.7	95.0%
TOTAL	3,713.6	5,868.12	100.0	158.0%	8,075.83	100.0	137.6%

Notes to Table 6.1

- (a) The figures given in Table 6.1 are the unrevised expenditures presented originally in the Second Malaysia Plan.
- (b) Estimated.
- (c) The sum of the Second Malaysia Plan's expenditures on Agriculture; Rubber Replanting; Land Development; Drainage and Irrigation; Forestry; Animal Husbandry; Fisheries; Agricultural Credit and Marketing; Agricultural Research; other associated activities.
- (d) The Second Malaysia Plan's expenditures on Public Works Department Plant and Equipment was contained within the category Transport.
- (e) Allocated expenditure was to Geological Survey Department (M\$0.50 millions) and Feasibility Studies (M\$23.26 millions). Actual expenditure was Geological Survey Department (M\$0.44 millions) and Feasibility Studies (M\$28.94 millions).
- (f) Expenditure on Sewerage; Culture, Youth and Sports; Community Services; Welfare, Aborigines (Orang Asli); Land.
- (g) Expenditure on General Administration.
- (h) The Security Expenditure of the Second Malaysia Plan included Defence and Police. The break-down of the Security expenditure was as follows:

	PLANNED EXPENDITURE M\$ MILLIONS	ACTUAL EXPENDITURE M\$ MILLIONS
DEFENCE	813.07	764.89
POLICE	181.00	179.05
TOTAL	994.07	943.94

Sources: adapted and compiled from data presented in Federation of Malaysia, 1971, Table 5-1, Public Development Expenditure 1966 - 75; and Federation of Malaysia, 1976, Table 12-3, Public Development Expenditure, 1971 - 80.

with actual expenditure totalling M\$8,075.83 million. The Second Malaysia Plan revealed the traditional Peninsular Malaysian emphasis on 'economic' as opposed to 'social' development. This is shown in both planned expenditure (66.4% to 'economic', 14.2% to 'social') and in actual expenditure (71.5% to 'economic', 14.0% to 'social') on these two sectors.

Table 6.1 shows also that the attainment of 'economic' expenditure was rather better than that of 'social' expenditure. 'Economic' development was 148.0% attained overall, with the Commerce and Industry category receiving expenditure (M\$1,542.34 millions) nearly three times the Plan allocation (M\$564.53 millions). Overall 'social' development targets (135.5% fulfilled) were not attained quite so well as the overall 'economic' development targets (148.0% fulfilled) and it must be remembered that the allocations to 'social' development were much lower than those to 'economic' development. It must be noted also that one 'social' category - Health and Family Planning - was under-attained quite noticeably, receiving only 84.4% of planned expenditure.

(ii) The Third Malaysia Plan, 1976 - 1980⁽¹²⁹⁾

The Second Malaysia Plan was a "blueprint for the New Economic Policy" (Federation of Malaysia, 1971, p.v). The Third Malaysia Plan expanded upon its predecessor, and emphasised further the two main prongs of the New Economic Policy. The New Economic Policy continued to be:

"a socio-economic policy designed to achieve national unity through the two-pronged objectives of eradicating poverty irrespective of race and restructuring society to eliminate the identification of race with economic function"

(Federation of Malaysia, 1976, p.2).

In this respect the Third Malaysia Plan is merely the Second Malaysia Plan writ large. However, taking its lead from the Second Malaysia Plan, the Third Malaysia Plan lists more fully the objectives of the New Economic Policy. According to the Third Malaysia Plan, "the overall goals of the NEP comprise the following objectives:

- (i) employment creation at a rate sufficient to reduce current levels of unemployment and eventually bring about full employment of the labour force;
- (ii) expansion of the incomes and productivity of all those engaged in low productivity rural and urban occupations by increasing their access to opportunities to acquire skills, land, capital and other necessary inputs and by eliminating underemployment;
- (iii) enlargement of opportunities for those engaged in low productivity occupations to move to more productive endeavours in agriculture, forestry, fisheries, mining, construction, transportation, manufacturing, commerce and services industries;
- (iv) reduction of existing inequalities in the distribution of income between income and racial groups;
- (v) modernization of rural life and improvement of living conditions among the urban poor through the provision of a wide range of social services including public housing, electricity, water supply, sanitation, transportation, health and medical services and recreational and community facilities;
- (vi) creation of a commercial and industrial community among the Malays and other indigenous people in order that, within one generation, they will own and manage at least 30% of the total commercial and industrial activities of the country in all categories and scales of operation;
- (vii) restructuring of sectoral and occupational employment patterns in the various sectors of the economy so that they reflect the racial composition of the country by 1990; and
- (viii) expansion of education and training facilities, other social services and the physical infrastructure of the country to effectively support the attainment of the above objectives"

The Third Malaysia Plan departs from the two main prongs of the New Economic Policy stated already - the eradication of poverty and the restructuring of society - by adding a third objective. This third prong is the provision of security in Peninsular Malaysia.

Since the end of the Second World War, Peninsular Malaysia has been plagued by a Communist guerilla 'problem'. The sporadic recrudescence of militant Communism over the years since the end of the Emergency - especially since the events of May, 1969 - has forced the government to consider the Communist guerilla 'problem' as a growing menace to the attainment of national unity by way of the New Economic Policy.⁽¹³⁰⁾ The government has stated its apprehension that Communist guerilla activity might hinder the progress of socio-economic development (Federation of Malaysia, 1976, p.101). Thus, although eradication of poverty and restructuring of the socio-economic system remain the primary means by which national unity is to be achieved,

"it is now recognised that this must be achieved not only through eradication of poverty and restructuring society, but also through the maintenance and improvement of the security of the nation"

(Federation of Malaysia, 1976, p.91).

The Second Malaysia Plan and the Third Malaysia Plan both state that the objectives of the New Economic Policy are to be achieved within the time-span of one generation, and a period of twenty years has been set aside as the time-scale over which the New Economic Policy will be implemented. This time-scale applies particularly to the attainment of the two original, and most important prongs of the New Economic Policy. Thus, the main aim of the New Economic Policy may

be summarised as the fulfilment of the two main prongs - eradication of poverty and restructuring of the socio-economic system - in the period 1970 - 1990.⁽¹³¹⁾

Table 6.2 summarises the main features of the Third Malaysia Plan's allocations to public expenditure. Table 6.2 reveals that a much greater amount of public development expenditure was allocated to 'economic' rather than 'social' development. 'Economic' development was allocated 67.9% of the total Plan allocation, with 'social' development awarded 16.2% of the total. Thus, in terms of planned expenditure the Third Malaysia Plan shows the traditional Peninsular Malaysian bias for 'economic' rather than 'social' development.⁽¹³²⁾

6.2c Growth of the Economy

An important feature of development planning in Peninsular Malaysia today is that the New Economic Policy is to be implemented in an atmosphere of sustained economic growth. Rapid economic growth is seen as a "necessary condition" (Federation of Malaysia, 1973, p.63) for the achievement of the New Economic Policy's two main prongs, poverty eradication and the restructuring of the socio-economic system. The government appreciates that the New Economic Policy cannot bring about its objective of national unity simply by redistributing the present national cake. Redistribution of present wealth without economic growth will serve to alienate the wealthy non-Malay communities. Consequently, rapid economic growth is vital to the attainment of the objectives of the New Economic Policy, so that no section of Peninsular Malaysia's socio-economic system experiences any loss or feels any sense of deprivation.⁽¹³³⁾

TABLE 6.2

Peninsular Malaysia

THIRD MALAYSIA PLAN (1976 - 1980) - TARGET EXPENDITURE

SECTOR	SECOND MALAYSIA PLAN 1971 - 1975 PLANNED EXPENDITURE M\$ Millions	THIRD MALAYSIA PLAN, 1976 - 1980		
		PLANNED EXPENDITURE(a)		THIRD MALAYSIA PLAN ALLOCATIONS AS PROPORTIONS OF SECOND MALAYSIA PLAN ALLOCATION
		M\$ Millions	%	
ECONOMIC DEVELOPMENT				
Agriculture and Rural Development (b)	1,570.86	3,901.897	25.3	248.4%
Transport, Communications and Public Utilities (c)	1,739.61	4,945.786	32.0	284.3%
Commerce and Industry	564.53	1,600.818	10.4	283.6%
Other (d)	23.76	27.039	0.2	113.8%
Sub-total	3,898.76	10,475.540	67.9	268.7%
SOCIAL DEVELOPMENT				
Education and Training	458.89	1,282.593	8.3	279.5%
Health and Family Planning	171.08	327.150	2.1	191.2%
Housing	136.16	606.045	3.9	445.1%
Social and Community Ser- vices other than Housing(e)	69.89	295.478	1.9	422.8%
Sub-total	836.02	2,511.266	16.2	300.4%
GENERAL GOVERNMENT (f)	139.27	418.891	2.7	300.8%
SECURITY (g)	994.07	2,040.000	13.2	205.2%
TOTAL	5,868.12	15,445.697	100.0	263.2%

Notes to Table 6.2

- (a) The figures given in Table 6.2 are the unrevised planned expenditures presented originally in the Third Malaysia Plan.
- (b) The sum of the Third Malaysia Plan's expenditures on Agriculture; Rubber Replanting; Land Development; Drainage and Irrigation; Forestry; Animal Husbandry; Fisheries; Agricultural Credit and Marketing; Agricultural Research; other associated activities.
- (c) The Third Malaysia Plan's expenditures on Public Works Department Plant and Equipment was contained within the category Transport.
- (d) Allocated expenditure was to Mines Department (M\$0.560 millions); Geological Survey Department (M\$1.479 millions); Feasibility Studies (M\$25.000 millions).
- (e) Expenditure on Sewerage; Culture, Youth and Sports; Community Services; Welfare; Aborigines (Orang Asli); Land.
- (f) Expenditure on General Administration.
- (g) The Security expenditure of the Third Malaysia Plan included Defence and Police. The break-down of the Security expenditure was as follows:

	PLANNED EXPENDITURE M\$ Millions
DEFENCE	1,470.000
POLICE	570,000
TOTAL	<u>2,040.000</u>

Source: adapted and compiled from data presented in Federation of Malaysia, 1976, pp.240 - 241, Table 12-3, Malaysia: Public Development Expenditure, 1971 - 1980.

The government has been at pains to make this point very clear. In the Foreword to the Second Malaysia Plan the late Tun Abdul Razak bin Dato' Hussein stated that the government

"will spare no efforts to promote national unity and develop a just and progressive Malaysian society in a rapidly expanding economy so that no one will experience any loss or feel any sense of deprivation of his rights, privileges, income, job or opportunity"

(Federation of Malaysia, 1971, p.v).

The Third Malaysia Plan also emphasised the point that economic growth was vital to the successful implementation of the New Economic Policy's objectives: "What is sought is redistribution in a context of dynamic growth so that no particular group experiences any loss or feels any sense of deprivation in the process" (Federation of Malaysia, 1976, p.8).

6.3 THE FEDERAL LAND DEVELOPMENT AUTHORITY AND THE NEW ECONOMIC POLICY

In Section 1.2c of Chapter I above it was noted that the Federal Land Development Authority has been vested by the Malaysian government with much responsibility for achieving the objectives of the New Economic Policy, especially in the Malay-dominated rural areas. It was pointed out that not only is FELDA the pre-eminent agency in the field of Agriculture and Rural Development, but that the Authority was raised to this position in the wake of the 1969 race-riots. The salient features of Section 1.2c above are reiterated below.

First, Table I.6 above showed that after 1969 land development as a whole achieved much greater prominence among development planning policies, being elevated from around one-tenth/one-ninth of public expenditure on economic and social development under the First Malaysia Plan (1966 - 1970) to around one-seventh/one-sixth of equivalent expenditure under the Second Malaysia Plan (1971 - 1975). Second, Table I.7 and Table I.8 above showed that in the Agriculture and Rural Development sector of the economy, land development by FELDA was elevated dramatically to premier status, that land development as an approach became much more important than alternative strategies of rural development (for example, Drainage and Irrigation), and that FELDA was given the lion's share of the monies allocated to/expended on land development.

Table 6.3 builds upon and confirms the position explained in Section I.2c, especially the data presented in Table I.7 and Table I.8. Table 6.3 shows the importance of the Federal Land Development Authority and of Other Land Development within the Agriculture and Rural Development sector for the First Malaysia Plan (1966 - 1970) - that is, pre-1969 - and for the Second Malaysia Plan (1971 - 1975) and the Third Malaysia Plan (1976 - 1980)-that is, post-1969. It is quite clear from Table 6.3 that not only did the Second Malaysia Plan (1971 - 1975) see a sudden and marked swing to land development - particularly by FELDA - but that the Third Malaysia Plan (1976 - 1980) consolidated and even accentuated that swing.

As explained in Section I.2c above, in terms of actual expenditure on Agriculture and Rural Development in the First Malaysia Plan

TABLE 6.3

Peninsular Malaysia

IMPORTANCE OF FEDERAL LAND DEVELOPMENT AUTHORITY AND OF OTHER LAND DEVELOPMENT WITHIN AGRICULTURE AND RURAL DEVELOPMENT, FIRST MALAYSIA PLAN (1966-1970), SECOND MALAYSIA PLAN (1971-1975), AND THIRD MALAYSIA PLAN (1976-1980)

SUB-SECTOR	FIRST MALAYSIA PLAN (1966-70) ACTUAL EXPENDITURE (a)		SECOND MALAYSIA PLAN (1971-75) ACTUAL EXPENDITURE (b)		THIRD MALAYSIA PLAN (1976-80) ACTUAL EXPENDITURE (c)	
	M\$ Millions	%	M\$ Millions	%	M\$ Millions	%
Federal Land Development Authority	248.4	27.3	645.14	36.9	1,732.71	38.1
Other Land Development (d)	61.3	6.7	347.17	19.9	910.23	20.0
(All Land Development)	(309.7)	(34.0)	(992.31)	(56.8)	(2,642.94)	(58.1)
Drainage and Irrigation	328.5	36.1	240.07	13.7	554.84	12.2
Rubber Replanting	116.3	12.8	116.28	6.7	198.23	4.4
Agriculture (e)	61.0	6.7	115.77	6.6	524.78	11.5
Agricultural Credit and Marketing (f)	13.8	1.5	104.83	6.0	269.68	5.9
Animal Husbandry	13.9	1.5	59.27	3.4	127.22	2.8
Forestry	11.9	1.3	21.09	1.2	25.61	0.6
Agricultural Research (g)	8.8	1.0	28.60	1.6	53.42	1.2
Fisheries	5.3	0.6	24.04	1.4	150.84	3.3
Others (h)	42.0	4.6	44.76	2.6	-	-
Agricultural and Rural Development Total	911.2	100.0	1,747.02	100.0	4,547.56	100.0

Table 6.3

Sources and Notes:

(a),(b),(c) Estimated.

- (d) In the source Table from which the figures for actual expenditure for the Third Malaysia Plan (1976-1980) were obtained, Land Development and Regional Development were linked together. Thus, Other Land Development for the Third Malaysia Plan (1976-1980) includes not only spending on FELCRA and State schemes, but also money expended by the various regional development authorities, notably Pahang Tenggara, Johore Tenggara, and Trengganu Tengah.
- (e) Includes expenditure on items such as crop protection services, crop production services, soil and agricultural services, agricultural extension, agricultural education, coconut replanting and rehabilitation, pineapple replanting, farm crop subsidies, construction of agricultural buildings, and spending by authorities such as Muda Agricultural Development Authority (MADA).
- (f) Includes expenditure on items such as Bank Pertanian (Agricultural Bank), Federal Agricultural Marketing Authority (FAMA), Cooperatives, and Farmers Organisation Authority.
- (g) Includes expenditure on Malaysian Agricultural Research and Development Institute (MARDI), Division of Food Technology, and Palm Oil Institute Malaysia (PORIM).
- (h) The source Table from which the figures for actual expenditure for the Third Malaysia Plan (1976-1980) were obtained did not contain the category "Others".

Sources: the data for First Malaysia Plan (1966-1970) and Second Malaysia Plan (1971-1975) actual expenditures were obtained from Table I.7 and Table I.8 above. The figures for Third Malaysia Plan (1976-1980) actual expenditure were obtained from Federation of Malaysia, 1981, Table 6-2, Malaysia: Public Development Expenditure, 1971-1980.

(1966 - 1970) Land Development was second string - though a close second - to Drainage and Irrigation, each category taking just over one-third (34.0% and 36.1% respectively) of the total expenditure (see Table 6.3). The two categories together attracted nearly three-quarters (70.1%) of total expenditure, with FELDA alone attracting just over one-quarter (27.3%) of total expenditure on Agriculture and Rural Development under the First Malaysia Plan (1966 - 1970).

The data for the Second Malaysia Plan (1971 - 1975) actual expenditure on Agriculture and Rural Development record the sudden rise to favour of land development - especially by FELDA - in the years immediately post-1969. Second Malaysia Plan (1971 - 1975) actual expenditure on Land Development was over half (56.8%) of total expenditure on Agriculture and Rural Development, and FELDA alone now attracted over one-third of expenditure (36.9%). In contrast, the leading spender of the First Malaysia Plan (1966 - 1970) - Drainage and Irrigation - had (with 13.7% of actual expenditure) fallen to the position of very poor second relative to all land development, and had spent even less under the Second Malaysia Plan (1971 - 1975) - M\$240.07 millions - than under the First Malaysia Plan (1966 - 1970) - M\$328.5 millions.

The data for the Third Malaysia Plan (1976 - 1980) actual expenditure accentuate the reliance placed on the Federal Land Development Authority and land development as a means of prosecuting Agriculture and Rural Development under the New Economic Policy.

During the Third Malaysia Plan (1976 - 1980) actual expenditure on FELDA alone was 38.1% of the total (M\$4,547.56 millions) expended on Agriculture and Rural Development, with Other Land Development accounting for a further 20% of the total. The next category - Drainage and Irrigation - attracted only 12.2% of Third Malaysia Plan (1976 - 1980) actual expenditure on Agriculture and Rural Development.

It has been made clear from the information presented in Section 1.2c above and confirmed in the present Section (Section 6.3) that the Peninsular Malaysian government has consistently regarded land development by the Federal Land Development Authority as the main vehicle for carrying the New Economic Policy into the Malay-dominated rural areas, the elevation of FELDA and land development to this premier status occurring as a direct consequence of the events of 1969. Thus, FELDA has been invested by the Malaysian government with main responsibility for implementing the New Economic Policy's objectives of poverty eradication and restructuring of society in the rural areas.

6.4 THE FEDERAL LAND DEVELOPMENT AUTHORITY AND THE RESTRUCTURING OF SOCIETY

As has been noted above, the New Economic Policy has as its main prongs the eradication of poverty and the restructuring of society. The first prong - poverty eradication - has always been a major theme of development plans implemented in Peninsular Malaysia. Clearly, no government in Peninsular Malaysia - whether

pre-independence or post-independence - would relish placing before the electorate of that country a development Plan which did not have income enhancement stated as a major objective. Thus, as noted above, the British-implemented Draft Development Plan stated that the "aim of development" was "to make the country more prosperous" (Federation of Malaya, 1950, p.124), and in the same vein the First Malaysia Plan (1966 - 1970) stated that the overriding goal of planning was a happier and more prosperous Malaysia (Federation of Malaysia, 1965, p.1).

However, the New Economic Policy has a second prong - the restructuring of society - and it is the emphasis placed upon this second prong by the Second Malaysia Plan (1971 - 1975) and the Third Malaysia Plan (1976 - 1980) which most clearly marks these Plans as different to the pre-1969 Plans. True, pre-1969 Plans did pay lip-service to the need to restructure the socio-economic system. For example, the Draft Development Plan noted that rural health and medical services had advanced more slowly than had similar urban services, and that the distribution of such services would have to be made more even before being extended further (Federation of Malaya, 1950, p.6). Similarly, the First Malaysia Plan (1966 - 1970) stated that the fruits of economic growth had been distributed unevenly, and that economic growth would be needed if this situation were to be remedied without disruptive redistribution of wealth (Federation of Malaysia, 1966, p.6). Even so, in the pre-1969 Plans restructuring of the socio-economic system was counted much less important than the

creation of wealth and the eradication of poverty.

By contrast, under the New Economic Policy enshrined in the Second Malaysia Plan (1971 - 1975) and the Third Malaysia Plan (1976 - 1980), restructuring of the socio-economic system has been vested with an importance equal to that accorded traditionally to poverty eradication. In the Second Malaysia Plan (1971 - 1975) Chapter III is devoted to Economic Balance, and Poverty Eradication and Racial Economic Balance are dealt with in Chapter IX of the Third Malaysia Plan (1976 - 1980). The emphasis placed upon the restructuring of society in the post-1969 Plans as compared with the pre-1969 Plans means that the Federal Land Development Authority's role in respect of this second prong of the New Economic Policy merits closer scrutiny.

Exactly what is meant by the "restructuring of society" in the Peninsular Malaysian context is best answered by the following quotation from the Second Malaysia Plan (1971 - 1975):

"The second prong of the New Economic Policy is aimed at restructuring the society so that the present identification of race with particular forms of economic activity will eventually be eliminated. The Plan outlines policies and programmes to modernise rural life, encourage a rapid and balanced growth of urban activities, provide improved education and training programmes at all levels, and above all, ensure the creation of a Malay commercial and industrial community in all categories and at all levels of operation, in order that within one generation Malays and other indigenous people can be full partners in the economic life of the nation"

(Federation of Malaysia, 1971, p.6).

This particular quotation is very apt, because it embodies both the long-term and the short-term aims of the restructuring objective. The first sentence of the quotation suggests that a long-term aim is the eventual elimination of the identification of race with particular economic activity. However, the quotation indicates also that a short-term aim is more important, for the main thrust of policies and programmes is to "above all, ensure the creation of a Malay commercial and industrial community..." (Federation of Malaysia, 1971, p.6).

Thus, although there is some long-term commitment to create a socio-economic system in which racial employment in all categories and at all levels is in direct ratio to the proportions of Malays, Chinese, and Indians in the Peninsular Malaysian population, in practice it is the creation of a Malay commercial and industrial community which is the core of the New Economic Policy's restructuring objective. The eventual elimination of the identification of race with economic function and social status means in theory that non-Malays will in future share equally in those activities and occupations which at present they do not favour, or to which they are presently denied access. However, neither the Second Malaysia Plan (1971 - 1975) nor the Third Malaysia Plan (1976 - 1980) pay much regard to the ways in which the intersectoral movement of non-Malays might be achieved. Instead, the two Plans concentrate almost entirely on restructuring the socio-economic system from the Malay viewpoint. In other words, as regards restructuring of the socio-economic system the Plans

accord priority to the elevation of Malays to those economic positions and categories which are traditionally the preserve of non-Malays. The political strength of the Malays allows of no contrary course of action.

The Second Malaysia Plan (1971 - 1975) and the Third Malaysia Plan (1976 - 1980) are replete with strategems designed to ensure that such inter-sectoral movement of Malays occurs as quickly as possible. For example, the Second Malaysia Plan (1971 - 1975) states that

"The Government has set a target that within a period of 20 years, Malays and other indigenous people will manage and own at least 30% of the total commercial and industrial activities in all categories and scales of operation. The Government has also stipulated that the employment pattern at all levels and in all sectors, particularly the Modern Rural and Modern Urban Sectors, must reflect the racial composition of the population"

(Federation of Malaysia, 1971, p.41).

Similarly, the Third Malaysia Plan (1976 - 1980) states:

"The NEP has set as its target the ownership and management by Malays and other indigenous people of at least 30% of commercial and industrial activities in the economy and an employment structure at all levels of operation and management that reflects the racial composition of the nation by 1990"

(Federation of Malaysia, 1976, p.30).

A close scrutiny of the Second Malaysia Plan (1971 - 1975) and of the Third Malaysia Plan (1976 - 1980) leaves no doubt that the creation of a Malay commercial and industrial community is the

paramount objective of any socio-economic restructuring expected to occur under the New Economic Policy. The political realities of Peninsular Malaysia permit no alternative, certainly not in the short-term. The following paragraphs will first show how the Peninsular Malaysian government intends to create a Malay commercial and industrial community - principally by establishing or strengthening certain specialised agencies and authorities - and will then discuss the relationship between the Federal Land Development Authority and the agencies and authorities charged with this special mission.

There are many agencies, authorities, and programmes which can be expected to have some impact upon the restructuring of the socio-economic system in general, and upon the creation of a Malay commercial and industrial community in particular. Given that Malays form the bulk of both the rural population and of the relatively poor population, then all strategems which aim to raise income - especially among rural dwellers - may be expected to have some effect in this regard. Thus the Malaysian Handicraft Board, the National Padi and Rice Authority (NAPRA), the Rubber Industry Smallholders Development Authority (RISDA), the Federal Agricultural Marketing Authority (FAMA), Bank Pertanian (Agricultural Bank), the Federal Industrial Development Authority (FIDA), Malaysian Industrial Development Finance (MIDF), and a host of others can all be expected to contribute to the creation of a Malay commercial and industrial community. Even so, the activities of these organisations are not - or certainly should not be -

limited to this objective, and they also provide assistance to the non-Malay population.

However, there are some agencies and programmes reserved to the Malays in order to help them become more commercialised and industrialised. The most important of these specialised agencies are Majlis Amanah Ra'ayat (MARA, or Council for the Development of the Indigenous People), Perbadanan Nasional Berhad (National Committee Limited, or PERNAS), Urban Development Authority (UDA), and the various State Economic Development Corporations (SEDC's). In addition, there is special financial assistance to Malays from bodies such as Bank Bumiputra, Bank Pembangunan Malaysia (Development Bank of Malaysia), and the Bumiputra Investment Fund.

MARA was established in 1966 "to assist and promote the participation of Malays and other indigenous people in commerce and industry" (Federation of Malaysia, 1971, p.15), and its objective is

"to stimulate, guide, train and help the Bumi-puteras to participate actively and progress in trade and industrial activities by paying special attention to the rural population based on the New Economic Policy"

(Federation of Malaysia, 1979a, p.424).

PERNAS, incorporated in 1969, was

"created in order to give the Bumiputeras the organisational strength, management expertise and the financial backing that would enable them to play a more active role in the industrial and commercial development of the nation"

(Federation of Malaysia, 1979a, p.424).

UDA was established "in line with the New Economic Policy"
 (Federation of Malaysia, 1979a, p.428) in November, 1971,
 in order

"to assist Malays and other Bumiputeras
 (indigenous peoples) to manage and own
 at least 30 per cent of the total comm-
 ercial and industrial activities in the
 urban areas of the country within a span
 of 20 years"

(Federation of Malaysia, 1979a, p.428).

Last, the State Economic Development Corporations were var-
 iously established between 1964 (Selangor) and 1973 (Perlis),
 and they

"constitute the principal arms of the State
 Governments in the promotion of economic
 development generally as well as greater
 participation by the Malays and other
 indigenous people in commerce and industry"

(Federation of Malaysia, 1976, p.196).

That MARA, PERNAS, UDA, and the SEDC's are the main agencies
 and authorities specifically designed to create a Malay commercial
 and industrial community is clear from the text and allocations of
 the Second Malaysia Plan (1971 - 1975) and the Third Malaysia
 Plan (1976 - 1980). Therefore - given the status of the Federal
 Land Development Authority in socio-economic development planning
 in Peninsular Malaysia - there is much to be gained from a compar-
 ison between these agencies and authorities on the one hand, and
 FELDA on the other, especially in terms of monies allocated and
 monies expended. Table 6.4 offers such a comparison.

Table 6.4 (Comparison Between Federal Land Development Authority and Agencies/Programmes Designed to Create a Malay Commercial and Industrial Community) shows that the land development agencies have between them consistently been allocated greater sums (and have consistently spent greater sums) than MARA, PERNAS, UDA, and the SEDC's combined. For example, Second Malaysia Plan (1971 - 1975) allocation to land development was M\$795.14 millions, whereas the total allocated to MARA, PERNAS, UDA, and the SEDC's was M\$403.68 millions. Similarly, Third Malaysia Plan (1976 - 1980) actual expenditure on land development (M\$2,642.94 millions) was nearly double (179.2%) actual expenditure by MARA, PERNAS, UDA, and the SEDC's combined (M\$1,475.10 millions). Indeed, FELDA alone was allocated more under the Second Malaysia Plan (1971 - 1975) and spent more under the Third Malaysia Plan (1976 - 1980) than these latter agencies together.

Table 6.4 shows that in terms of actual expenditures there is an important contrast between the Second Malaysia Plan (1971 - 1975) and the Third Malaysia Plan (1976 - 1980). Under the Second Malaysia Plan (1971 - 1975) land development targets were 124.8% attained overall. Indeed, FELDA spent only slightly more (110.8%) than its allocation. In contrast, the agencies charged with creating a Malay commercial and industrial community exceeded their allocations markedly. For example, the SEDC's spent over four times (417.7%) their (admittedly small) allocation, and overall MARA's, PERNAS's, UDA's and the SEDC's allocations were 227.3% attained.

TABLE 6.4
Peninsular Malaysia
COMPARISON BETWEEN FEDERAL LAND DEVELOPMENT AUTHORITY AND AGENCIES/
PROGRAMMES DESIGNED TO CREATE A MALAY COMMERCIAL AND INDUSTRIAL COMMUNITY

AGENCY OR PROGRAMME	SECOND MALAYSIA PLAN (1971 - 1975)					THIRD MALAYSIA PLAN (1976 - 1980)				
	ORIGINAL ALLOCATION		ACTUAL EXPENDITURE		ACTUAL EXPEND- ITURE AS % OF ORIGINAL ALLOCATION	ORIGINAL ALLOCATION		ACTUAL EXPENDITURE		ACTUAL EXPEND- ITURE AS % OF ORIGINAL ALLOCATION
	M\$ Millions	%	M\$ Millions	%		M\$ Millions	%	M\$ Millions	%	
FELDA	582.42 ^(c)	73.2	645.14 ^(c)	65.0	110.8	985.020 ^(d)	61.4	1,732.71 ^(e)	65.5	175.9
Other Land Development Agencies	212.72 ^(c)	26.8	347.17 ^(c)	35.0	163.2	618.670 ^(d)	38.6	910.23 ^(e)	34.4	147.1
Land Development Total	795.14 ^(f)	100.0	992.31 ^(f)	100.0	124.8	1,603.690 ^(d)	100.0	2,642.94 ^(e)	100.0	164.8
Agencies/Programmes concerned specifically with the creation of a Malay Industrial and Commercial Community ^(g) :										
MARA ^(h)	158.08	39.2	395.05	43.1	249.9	515.000	40.1	426.87	28.9	82.9
(M.A.R.A.)	(73.00)	(18.1)	(205.27)	(22.4)	(281.2)	(315.000)	(24.5)	(212.75)	(14.4)	(67.5)
(MARA Institute of Technology, Scholarships and Training)	(85.08)	(21.1)	(189.78)	(20.7)	(223.1)	(200.000)	(15.6)	(214.12)	(14.5)	(107.1)
PERNAS ⁽ⁱ⁾	100.00	24.8	250.00	16.3	150.0	200.000	15.6	300.50	20.4	150.3
U.D.A. ^(j)	100.00	24.8	182.10	19.8	182.0	200.000	15.6	254.60	17.3	127.3
S.E.D.C.'s ^(k)	45.60	11.3	190.49	20.8	417.7	368.800	28.7	493.13	33.4	133.7
TOTAL	403.68	100.0	917.64	100.0	227.3	1,283.800	100.0	1,475.10	100.0	114.9

Table 6.4

Sources and Notes:

- (a),(b) Estimated.
- (c) Source: Table I.8 above.
- (d) Source: Federation of Malaysia, 1976, Table I6-3, Malaysia: Public Development Expenditure for Agricultural Programmes, 1971-1980.
- (e) Source: Table 6.3 above.
- (f) Source: Table I.7 above.
- (g) The sources of the data for these agencies and programmes are:
 - (i) Second Malaysia Plan (1971-1975) original allocation: Federation of Malaysia, 1971, Table 5-I, Public Development Expenditure, 1966-1975;
 - (ii) Second Malaysia Plan (1971-1975) actual expenditure and Third Malaysia Plan (1976-1980) original allocation: Federation of Malaysia, 1976, Table I2-3, Malaysia: Public Development Expenditure, 1971-1980;
 - (iii) Third Malaysia Plan (1976-1980) actual expenditure: Federation of Malaysia, 1981, Table 6-2, Malaysia: Public Development Expenditure, 1971-1980.
- (h) Majlis Amanah Ra'ayat, or Council for the Development of the Indigenous People.
- (i) Perbadanan Nasional Berhad, or National Committee Limited.
- (j) Urban Development Authority.
- (k) State Economic Development Corporations.

However, under the Third Malaysia Plan (1976 - 1980) these positions were reversed. Overall, the land development agencies spent 164.8% of their allocations, with FELDA overspending by three-quarters (175.9%) its already large allocation (M\$985.020 millions). Conversely, the overspending by the agencies designed to create a Malay commercial and industrial community - 114.9% of allocated expenditure - was much lower than that under the previous Plan. Only PERNAS appeared to hold its position; UDA and the SEDC's overspent by much smaller proportions than they had under the Second Malaysia Plan (1971 - 1975), and MARA was able to spend only 82.9% of its Third Malaysia Plan (1976 - 1980) allocation.

The data in Table 6.4 suggest that under the Second Malaysia Plan (1971 - 1975) some attempt was made to give equal status to land development on the one hand, and to the creation of a Malay commercial and industrial community on the other. This is attested to by the considerable overspending achieved by MARA, PERNAS, UDA, and the SEDC's, and by the fact that total expenditure by these agencies (M\$917.64 millions) was not far removed from that on land development (M\$992.31 millions). The total of these two expenditures (M\$992.31 millions and M\$917.64 millions) is M\$1,909.95 millions, of which they are 52.0% and 48.0% respectively. Indeed, MARA, PERNAS, UDA, and the SEDC's together spent much more than did FELDA (M\$645.14 millions).

However, the data in Table 6.4 suggest also that this position of relative equality was not maintained during the Third Malaysia

Plan (1976 - 1980). As noted above, under the Third Malaysia Plan (1976 - 1980) MARA, PERNAS, UDA, and the SEDC's were much less successful in attaining allocated targets than they had been in the previous five-year period. Conversely, the land development agencies - especially the Federal Land Development Authority - were more successful in this respect than they had been under the Second Malaysia Plan (1971 - 1975). Also, if the total expenditure on land development (M\$2,642.94 millions) and that by MARA, PERNAS, UDA, and the SEDC's (M\$1,475.10 millions) are added, then the former is 64.2% and the latter 35.8% of the total M\$4,118.04 millions, a noticeable shift from their nearly equivalent positions at the end of the Second Malaysia Plan (1971 - 1975). Indeed, Third Malaysia Plan (1976 - 1980) expenditure by MARA, PERNAS, UDA, and the SEDC's (M\$1,475.10 millions) was only 85.1% of the expenditure (M\$1,732.71 millions) by FELDA alone, whereas under the Second Malaysia Plan (1971 - 1975) these agencies had spent nearly half as much again (142.1%) as FELDA, M\$917.64 millions as compared with M\$645.14 millions.

Table 6.4 appears to show that - despite some near equivalence of status under the Second Malaysia Plan (1971 - 1975) - by the end of the Third Malaysia Plan (1976 - 1980) the Federal Land Development Authority was in a very strong position vis-à-vis those agencies charged specifically with the creation of a Malay commercial and industrial community. Not only did the Authority spend rather more than MARA, PERNAS, UDA, and the SEDC's combined (M\$1,732.71 millions, compared with M\$1,475.10 millions) under

the Third Malaysia Plan (1976 - 1980), but the data for over-spending suggest that the Federal Land Development Authority today has much greater momentum than the agencies intended to create a Malay commercial and industrial community. This point will be returned to in Chapter 8.

6.5 CONCLUSION

The nature of development planning in Peninsular Malaysia today is revealed in the Second Malaysia Plan and the Third Malaysia Plan. Modern development planning in Peninsular Malaysia is guided by the New Development Strategy, which strategy has aims both long-term and short-term. The long-term aim is to evolve a National Ideology, or Rukun Negara, based on traditions, loyalties and institutions common to all Malaysians, so as to establish "a true Malaysian identity based on national pride and a sense of belonging" (Federation of Malaysia, 1976, p.93). The short-term aim is more prosaic, and involves the implementation of the New Economic Policy.

For reasons noted above, the short-term objectives of the New Economic Policy are more pressing in their immediacy than the long-term goal of Rukun Negara. Consequently, development planning in Peninsular Malaysia today revolves around the necessity to implement the New Economic Policy's two major prongs - the eradication of poverty and the restructuring of the socio-economic system - by 1990, so as to forestall a repetition of the race-riots of May, 1969, and in order to remove the inter-ethnic socio-economic imbalances identified as the main barrier to national unity in Peninsular Malaysia.

The main features of the complex web that is socio-economic development planning in Peninsular Malaysia today are summarised below.⁽¹³⁴⁾ The "triple thrusts of the Third Malaysia Plan" (Federation of Malaysia, 1976, p.v) are the three prongs of the New Economic Policy:

I. Eradication of Poverty

This will involve programmes aimed at

- (i) raising incomes and productivity of persons in poorly paid and unproductive occupations;
- (ii) providing employment in order to alleviate unemployment and underemployment, so as to bring about eventually full employment of the labour force;

II. Restructuring of the Socio-Economic System

This will involve programmes aimed at

- (i) improving the quality of life of the poor by providing physical infrastructure and social services;
- (ii) providing an urban environment and regional growth centres;
- (iii) creating a Malay commercial and industrial community owning at least 30% of productive assets;
- (iv) facilitating intrasectoral and intersectoral movements so that race should cease to be identified with social status or economic function; and

III. Improvement of Security

These objectives - particularly the first two - necessitate that the New Economic Policy be implemented in the context of a rapidly expanding economy if they are to be achieved successfully.

It has been emphasised in Chapter 6 that the main priorities of national socio-economic development planning in Peninsular Malaysia today are the first two prongs of the New Economic Policy, namely the eradication of poverty and the restructuring of the socio-economic system. It has also been emphasised - in Section 1.2c, Chapter 2, and Section 6.3 - that since 1969 the Malaysian government has placed upon the Federal Land Development Authority the main responsibility for the implementation of its New Economic Policy in the Malay-dominated rural areas. The remainder of this thesis will assess the ability of the Federal Land Development Authority to meet the responsibility placed upon it by the Malaysian government, by paying particular attention to FELDA's ability to contribute to the attainment in the rural areas of the two prongs of the New Economic Policy : the eradication of poverty and the restructuring of the socio-economic system.

FOOTNOTES TO CHAPTER 6

118. It has been stated that "the trauma of racial riots led to a critical self-analysis of what went wrong and the formulation of new approaches towards strengthening national unity" (Federation of Malaysia, 1976, p.1). The extent to which the "critical self-analysis" arising from the 1969 race-riots came up with the New Development Strategy, and the extent to which this new approach is motivated by a laudable desire for "national unity" per se, is open to discussion. What cannot be doubted is that the crisis of 1969 was instrumental in bringing about the replacement of the 'old guard' of conservative UMNO politicians (e.g. Tunku Abdul Razak and Tunku Abdul Rahman) by younger, more radical men (e.g. Dato' Hussein Onn and Dr. Mahathir Mohamad), and that it is quite possible to view the New Economic Policy as a means of advancing the Malays at the expense of the non-Malays. True, the UMNO-dominated government of Peninsular Malaysia can say with justification that amelioration of the lot of the disadvantaged Malays is a pre-requisite for national unity, but the cynic (or the non-Malay?) might suggest that this worthy aim is merely a cover for nepotism, as the Malay-dominated government seeks to justify a New Economic Policy which favours the Malay community. However, although the motives of the Malaysian government may be disputed, there is no doubting that the New Economic Policy now forms the core of national planning in Peninsular Malaysia, and that it has done so since the start of the Second Malaysia Plan (1971 - 1975). I am grateful to Dr. H. Demaine for advice on these points.
119. The New Development Strategy forms the burden of Chapter 1 of the Second Malaysia Plan. See Federation of Malaysia, 1971, pp.1-9.
120. The Fourth Malaysia Plan, 1981 - 1985 had not been published when the body of this thesis was being written. However, the Plan is now available.
121. The Second Malaysia Plan was 267 pages long, whereas the Third Malaysia Plan was 430 pages long.
122. Federation of Malaysia, 1973, Mid-Term Review of the Second Malaysia Plan, (Government Press, Kuala Lumpur).
123. Loyalty to the country and the status of Malay as the Bahasa Kebangsaan (National Language) are particularly contentious issues. The Malays consider themselves bumiputera ('princes or sons of the soil'), and Peninsular Malaysia is to them Tanah Melayu, the 'Malay Land' . In the past, many non-Malays - especially Indians - have maintained close links with their countries of origin, and have either repatriated capital to those places or have indulged in extended visits 'home'. One way in which non-Malays can demonstrate to the Malays that they now consider Peninsular Malaysia to be 'home', and that they are

loyal to their adopted homeland, is to sever - or at least to reduce - such links. The question of Malay as the national language has become very contentious in recent years, many non-Malays having feared that those unfamiliar with the Malay language would be disadvantaged. Today, facility in Malay is necessary for advancement in many fields - e.g. politics, education - although English remains the official and widely-used second language.

124. "The evolution of a Malaysian national identity will be based on an integration of all the virtues from the various cultures in Malaysia, with the Malay culture forming its core" (Federation of Malaysia, 1976, p.94).
125. Coupled with Malay dissatisfaction with their own progress in the socio-economic field.
126. Referring to the Third Malaysia Plan, Datuk Hussein Onn said: "The Plan is an action-oriented agenda of policies, programmes and projects to spearhead further progress towards the building of a united, secure, socially just and resilient nation as envisioned in the Rukunegara within the time frame of the present generation" (Federation of Malaysia, 1976, p.v).
127. The successful attainment of these two objectives is seen as a precondition for the achievement of national unity: "while there must be no delusion that national unity can be achieved by purely economic means, the eradication of poverty and the restructuring of the society and economy are necessary conditions for national unity" (Federation of Malaysia, 1971, p.4).
128. Federation of Malaysia, 1971, Second Malaysia Plan, 1971 - 1975, (Government Press, Kuala Lumpur).
129. Federation of Malaysia, 1976, Third Malaysia Plan, 1976 - 1980, (Government Press, Kuala Lumpur).
130. Whilst the existence of communist guerillas in Peninsular Malaysia is undoubted, the threat posed by such subversive elements is not clear. The communist activists of Peninsular Malaysia are not the irresistible force that they have recently been proved to be in Vietnam, and it is possible that the government sees in the communist 'problem' a potential excuse for shortcomings in the implementation of the New Economic Policy. For instance, the government has warned that there will be necessary "a substantial allocation of resources for the strengthening of the country's security forces" (Federation of Malaysia, 1976, p.42), and this will presumably take money which would otherwise be diverted to socio-economic development.
131. By contrast, the government has set no date by which the Communist guerilla problem of Peninsular Malaysia is expected to be extinguished. However, in recent years several sustained efforts have been made to attack the guerillas in their jungle lairs.

- I32. At the time of writing of the body of this thesis the Fourth Malaysia Plan, 1981-1985 was unavailable. This accounts for the omission of actual expenditure from Table 6.2. However, the Fourth Malaysia Plan has recently been published, and the actual expenditures of the Third Malaysia Plan are contained within the Fourth Malaysia Plan document. These actual expenditures were 'economic' development M\$13,570.79 millions (64.0%), 'social' development M\$3,635.99 millions (17.1%), 'general government' M\$465.32 millions (2.2%), and 'security' M\$3,529.80 millions (16.6%), total M\$21,201.90 millions (100.0%), proportions not dissimilar to those presented in Table 6.2. See Federation of Malaysia, 1981, Table 6-2, Malaysia: Public Development Expenditure, 1971-1980.
- I33. It is imperative that the growth of the economy be sustained if the amelioration of the Malays' low socio-economic status is not to be attended by the inter-ethnic quarrels which will occur otherwise. Maintenance of the balance of power between the Malays and the non-Malays - especially the Chinese - remains the short-term imperative, whilst at the same time efforts are made to channel growth so that the long-term national unity objective might be achieved.
- I34. The subdivision of programmes into those aimed at eradication of poverty on the one hand, and those aimed at restructuring of the socio-economic system on the other, is partly for the sake of convenience. Clearly, the socio-economic system of Peninsular Malaysia is a complex web of interlinkages, and programmes aimed at the one objective will often have some effect upon the other. Indeed, it is a sensible use of limited resources if one programme can be made to contribute to the attainment of both the eradication of poverty and the restructuring of the socio-economic system.

CHAPTER 7

The Contribution of the Federal Land Development
Authority to the Attainment of the Objectives of
the New Economic Policy

7.1 INTRODUCTION

It was revealed in Chapter 6 that modern development planning in Peninsular Malaysia is guided by the New Development Strategy, of which the New Economic Policy is by far the more important component. The main objectives of the New Economic Policy were summarised at the end of Chapter 6. The government of Peninsular Malaysia intends that these objectives be attained by 1990.

It is the aim of Chapter 7 to assess the contribution of the Federal Land Development Authority to the attainment of the two main prongs of the New Economic Policy: the eradication of poverty and the restructuring of the socio-economic system. The assessment of FELDA's contribution to the attainment of these two objectives will be conducted under the following headings:

7.2 ERADICATION OF POVERTY

7.2a Raising of Incomes;

7.2b Provision of Employment;

7.3 RESTRUCTURING OF SOCIO-ECONOMIC SYSTEM

7.3a Improvement of Physical Infrastructure and
Provision of Social Services;

7.3b Provision of Urban Environment and of
Regional Growth Centres;

7.3c Creation of Malay Commercial and Industrial
Community, and Facilitation of Intra-
sectoral and Intersectoral Movements;

7.4 CONCLUSION

The Conclusion will summarise the main findings in respect of the contribution by FELDA to the eradication of poverty and to the restructuring of the socio-economic system in Peninsular Malaysia.

7.2 ERADICATION OF POVERTY

It has been claimed that the Federal Land Development Authority is contributing to the attainment of the objectives of the New Economic Policy by being "actively engaged in the eradication of rural poverty" (Addnan Din, 1978, p.87). The New Economic Policy intends that this worthy objective be achieved mainly by raising rural incomes and by providing employment in rural areas. The first part of Chapter 7 will assess the extent of the Federal Land Development Authority's contribution to the attainment of these two vital goals: the raising of incomes and the provision of employment.

7.2a Raising of Incomes (135)

The extent to which the Federal Land Development Authority is able to raise incomes through its land development and settlement activities depends mainly on four factors. These are the age of the scheme, the type of main crop grown, FELDA's particular mode of operation, and the world market prices for the commodities produced by the Authority. These four factors affect the incomes of FELDA settlers for several reasons. (136)

First, a mature FELDA scheme - regardless of type of main crop - yields incomes higher than those on a very new or on a very old scheme. Second, the two main crops grown on the Authority's schemes - rubber and oil-palm - differ markedly in value. Third, FELDA's modus operandi involves the settler in considerable financial indebtedness to the Authority. Fourth, FELDA has no control over world market prices for its commodities, and fluctuations in world prices are "a major source of income instability among settlers" (Blair and Noor, 1978, p.59). Income differentials may be either inter-scheme or intra-scheme in nature.

The first factor governing FELDA's ability to raise incomes is the age of the scheme. This is mainly because the age of the scheme governs the stage of growth of the main crop, which in turn determines the yield obtained from that crop. A period of time must elapse before the crop comes into production, and yield will vary during the crop's productive life. Rubber starts to yield after five to seven years, reaches its peak of production when between fifteen and seventeen years old, and has a productive life of some 30 years. Oil-palm starts to bear fruit some two to three years after planting, reaches a peak of production when about nine or ten years of age, and has a productive life of about twenty-five years.⁽¹³⁷⁾

Apart from its affect upon the growth and yield of the main crop, the age of a scheme determines settler incomes in other ways. A settler on a new scheme is unable to avail himself easily of traditional sources of supply. In the short-term he will not be able to obtain food-stuffs from his house-lot garden, fruit trees, or domestic fowl.⁽¹³⁸⁾

A scheme in a remote area is likely to be far distant from any neighbouring kampungs, with their established shops and traders. In addition, it is likely that some time will elapse before settlers will be able to subsidise their main income by undertaking ancillary activities, such as setting up small businesses. (139)

Consequently, on a new scheme a settler may well be restricted to satisfying his needs from the scheme FELDA shop. One author (Bahrin, 1971) has noted that the Authority's scheme shops usually charge higher prices, and there is evidence to suggest that the cost of living on FELDA schemes is higher than in other rural areas (Syed Hussain Wafa, 1974).

The second factor governing FELDA's ability to raise incomes is the type of main crop grown. A major reason for the Authority's adoption of oil-palm during the 1960s was the decline in the world market price of rubber. Fluctuations in the world price of rubber led to a loss of revenue for the country, and to a drop in income for the settlers. In recent years, prices for oil-palm products on the world market have been higher than those for rubber. Consequently, the settler growing oil-palm today can expect to earn an income generally greater than that of his counterpart growing the latter crop. (140)

The third factor governing FELDA's ability to raise incomes is the Authority's mode of operation. The nature of FELDA development means that the settler is in debt to the Authority for many years. The settler is supported on the scheme by allowances paid by FELDA for work done in crop maintenance. This allowance is reduced progressively after the main crop begins to yield. The settler receives income from

the crop, but FELDA deducts money from the settler in order to defray the expense of scheme development. A substantial proportion of the total cost of scheme emplacement must be paid back to the Authority before the settler receives title to the land.

In 1966 the rate of repayment of the costs incurred was fixed at 6 $\frac{1}{4}$ % interest over a 15-year period commencing with the start of production of the main crop. One author concluded that the debt incurred may give settlers justifiable cause for feeling that the monetary rewards of scheme emplacement do not match the returns expected:

"The average level of indebtedness appears high even by comparison with the most depressed of rural communities in Malaya. The fact that the debts are owed to an impersonal organisation rather than to an individual entrepreneur may not be of much comfort to the FELDA settler"

(Ho, 1965, p.7).⁽¹⁴¹⁾

The fourth factor is that of world market price, over which FELDA has no control. Variations in world prices can cause great fluctuations in settler incomes, as was demonstrated for oil-palm settlers by the high prices for palm oil in 1974. The highest average net income ever recorded for oil-palm was attained in that year.⁽¹⁴²⁾ In respect of price stability, oil-palm prices seem to be more unstable than those for rubber (Blair and Noor, 1978).

The interplay of these several factors governing the earnings of FELDA settlers has influenced authors' opinions of the success of the Authority in raising incomes via its land development and settlement activities. Authors' opinions are influenced by the ages of - and the crops grown on - the schemes which they studied.

Ho studied rubber schemes in the early stages of development, and concluded that "most assessments of earnings by FELDA farmers would seem optimistic" (Ho, 1965, p.11).⁽¹⁴³⁾ The contention that rubber schemes at an early stage of development generate low incomes has received support from MacAndrews, who found that the original incomes of settlers on FELDA's first scheme at Bilut Valley were not as high as before scheme emplacement. Incomes became higher only after the start of rubber tapping (MacAndrews, 1977).⁽¹⁴⁴⁾

Table 7.1 presents the FELDA Census's findings in respect of settler income prior to scheme entry. Table 7.1 shows that prior to scheme entry 44.2% of settlers had incomes of M\$100.0 per mensem or less. These settlers may be assumed to have benefitted immediately from scheme entry. However, the corollary is that 55.8% of settlers had incomes per mensem of M\$101.0 or greater, and these settlers may be assumed to have experienced loss of income on entering the scheme. In the case of those who enjoyed very good incomes prior to scheme entry it would be several years at least before their incomes regained their previous high level, and in the cases of the "significant minority amounting to over 10% of settlers" who had received an income of over M\$200.0 per month "it may be surmised that they had moved to FELDA schemes with higher expectations" (Addnan Din, 1978, p.87).

More pertinent to our enquiry are the incomes of settlers in established schemes, and several authors have assessed the earnings of settlers on schemes at - or nearing - maturity.⁽¹⁴⁵⁾ In 1970/1971 Lim Sow Ching undertook a study of six FELDA rubber schemes which had been

TABLE 7.1

Federal Land Development Authority

INCOMES OF FELDA SETTLERS (a)
PRIOR TO SCHEME ENTRY

MONTHLY INCOME CLASSIFICATION PRIOR TO SCHEME ENTRY (M\$)	Number of Settlers	%	Cumulative %
No income	463	1.3	1.3
100 and less	15,285	42.9	44.2
101 - 200	16,139	45.3	89.5
201 - 300	2,886	8.1	97.6
301 - 400	606	1.7	99.3
401 - 500	178	0.5	99.8
501 and more	71	0.2	100.0
TOTAL	35,628	100.0	100.0

(a) Monthly income.

Source: adapted from Addnan Din, 1978, Table VI, Settler's
Income Before Entering FELDA Schemes.

in existence for some ten years.⁽¹⁴⁶⁾ Lim Sow Ching's studies led him to conclude that settlers on most FELDA schemes "may be deemed to have earned an income (M\$200 - M\$250 per month) sufficient to provide a reasonable standard of living" (Lim Sow Ching, 1976, p.233).⁽¹⁴⁷⁾

The figures obtained by Lim Sow Ching in 1970/1971 compared favourably with the mean monthly household income for Malays in 1970, which stood then at M\$172 (Federation of Malaysia, 1976).

In 1975, MacAndrews made a detailed study of four FELDA schemes chosen as representative of the wide range of the Authority's operations.⁽¹⁴⁸⁾ MacAndrews found that the average net monthly income of settlers on rubber schemes was between M\$234 and M\$277, depending on the size of the rubber-lot, whereas the incomes of settlers on oil-palm schemes in the same period ranged from M\$802 (for those with an 8-acre holding) to M\$1,218 (for those with a 10 acre holding) (MacAndrews, 1977). The considerable earnings of oil-palm settlers about this time are explained by the fact that palm-oil prices were very high in 1974.

Bahrin and Perera - drawing on data provided by the Federal Land Development Authority - gave the settlers' average monthly net income in 1976 as M\$338.0 for rubber settlers, and M\$361.0 for oil-palm settlers (Bahrin and Perera, 1977).⁽¹⁴⁹⁾ These figures are similar to those supplied by FELDA elsewhere.⁽¹⁵⁰⁾

In 1976, FELDA undertook a "comprehensive census of all its settlers and their households" (Addnan Din, 1978, p.83) in order to acquire vital socio-economic data.⁽¹⁵¹⁾ Whilst acknowledging the problems of variations in income levels apparent in schemes, the FELDA

TABLE 7.2

Federal Land Development Authority

NET AVERAGE INCOME OF FELDA SETTLERS
 JANUARY TO NOVEMBER, 1976

SIZE OF HOLDING (Acres)	NET AVERAGE INCOME PER MONTH (M\$)	
	OIL-PALM SETTLERS	RUBBER SETTLERS
6	-	327.55
7	-	293.35
8	351.07	355.06
10	343.03	-
14	342.51	-

Source: Federal Land Development Authority, 1977b,
 p.7.

Census indicated a "considerable increase in average earnings experienced by the majority of settlers since they entered FELDA schemes" (Addnan Din, 1978, p.91). Table 7.3 reveals the average monthly net incomes of settlers on oil-palm and rubber schemes between 1973 and early 1977. The net monthly averages for 1976 - the latest full year for which data are presented - were M\$526 for oil-palm settlers, and M\$365 for rubber settlers (see Table 7.3).⁽¹⁵²⁾

It must be emphasised that average figures such as those just presented mask numerous income differentials. Income differentials arise from the several causes noted above, and also from variations in the levels at which individual settlers maintain their crops, and from the crops' seasonal nature of production.⁽¹⁵³⁾

Wikkramatileke observed a very wide range of income levels on the Bilut Valley scheme in 1970. In June of that year one settler received an income of M\$1,000, a second settler received M\$200, and a third settler received M\$20 (each settler had a 7-acre plot of rubber) (Wikkramatileke, 1972a).

MacAndrews noted that in 1975 settlers on the oil-palm scheme at Bukit Besar received an average of M\$750 per month from their holdings, ranging from a low of M\$200 - M\$500, to a high of M\$1,500 (MacAndrews, 1977).

The FELDA Census revealed marked income variations between phases, between crops, between seasons, between settlers in the same scheme, and through time for individual settlers. The fact that in recent years oil-palm settlers have enjoyed consistently net average monthly incomes much greater than those earned by rubber settlers is evident from the foregoing discussion, and from the data presented in Table 7.3.

TABLE 7.3

Federal Land Development Authority

AVERAGE MONTHLY NET INCOME OF
FELDA SETTLERS, 1973 - 1977(a)

Year	Income Classification (b)	INCOME IN M\$	
		Oil-Palm schemes	Rubber schemes
1973	Highest	734	n.a.
	Lowest	134	n.a.
	Average	453	n.a.
1974	Highest	1,496	536
	Lowest	281	156
	Average	819	210
1975	Highest	1,021	384
	Lowest	222	145
	Average	422	229
1976	Highest	979	506
	Lowest	292	143
	Average	526	365
1977 (Until March)	Highest	956	858
	Lowest	396	105
	Average	640	423

- (a) The data presented in Table 7.3 were collected during the 1976 FELDA Survey, which was implemented between October and November of that year (see footnote 138). 'Net' income means the amount paid in cash to the settler after deductions for items such as settler's loan repayment; settler savings fund; expenditures on agricultural materials or tools; shop credits given in advance; payments to settlers fund and organizations. The figures presented in Table 7.3 refer only to income derived from the main crop.
- (b) The average income of settlers within a given phase of a scheme was calculated month by month for all settled phases, and the means of these averages were then determined for each month. Thus, the highest and lowest figures presented in Table 7.3 refer to the overall average and relate to the months of peak and trough income levels, whereas the average shown is the monthly average for the year. Data on settlers' incomes were obtained from the settlers' paysheets, which are processed by computer and then stored in the Settlers' Accounting Division at FELDA headquarters.

Source: adapted from Addnan Din, 1978, Table VII, Average Monthly "Net" Income (\$).

The way in which an individual settler's income may vary through time is of particular concern to FELDA. Such variations cause difficulties for settlers when planning their household budgets, "and the uncertainty over income levels must of necessity engender some degree of dissatisfaction" (Blair and Noor, 1978, p.66). Blair and Noor state that seasonal variations in yield may cause the lowest possible monthly production to be between one-third and one-half of the maximum in the case of rubber, and approximately one-half of the maximum for oil-palm. The same authorities conclude that such seasonal variations may cause income to vary by three times above and below the average. Another authority suggests that even greater variations are possible.⁽¹⁵⁴⁾

Notwithstanding the variations in income on FELDA schemes, and the problems inherent in making an assessment, consideration of the data leads to the conclusion that the average settler on a mature scheme is rendered ultimately much better off as a result of the Federal Land Development Authority's activities. The majority of FELDA settlers are from the "rural poverty group" (Addnan Din, 1978, p.84), and prior to scheme entry the vast majority earned monthly incomes much less than they might expect on a FELDA scheme (the reader is referred again to Table 7.1). FELDA's stated intention is "to meet the national goal of giving the settlers the opportunity of earning a monthly income of between M\$300.00 and M\$350.00" (Bahrin and Perera, 1977, p.75), and even if the higher of these figures is taken, FELDA has had a "very considerable degree of success in achieving fulfilment of the stipulated target level of income" (Blair and Noor, 1978, p.66).⁽¹⁵⁵⁾

Therefore, one must conclude that FELDA's activities succeed ultimately in raising considerably the incomes enjoyed by the vast majority of the settlers, and one must concur that

"In general, the present position represents a considerable degree of success in achieving, and often surpassing, target income levels, and remedial action is generally in hand in cases where the average income level is lagging behind that targetted. FELDA has thus raised the majority of its established settlers from beneath the poverty line to a level substantially above it"

(Blair and Noor, 1978, p.57).

7.2b Provision of Employment

The government of Peninsular Malaysia states that a main justification for land development is the ability of such an approach to create employment. Development Plans since 1970 have contended that land development is the means most suited to bringing jobs into rural areas. Thus the Second Malaysia Plan noted that new land development would be the most important factor governing the creation of agricultural employment (Federation of Malaysia, 1971, p.132).⁽¹⁵⁶⁾ The Mid-Term Review of the Second Malaysia Plan reiterated the contribution of land development to the creation of employment (Federation of Malaysia, 1973, p.32), and the Third Malaysia Plan has sustained the theme:

"Within the agricultural sector, land development will be the major vehicle for the Plan's objective of eradicating poverty, increasing rural incomes and expanding job opportunities. The development of about one million acres of land is estimated to create about 105,000 jobs"

(Federation of Malaysia, 1976, p.156).⁽¹⁵⁷⁾

The Federal Land Development Authority acknowledges the great importance of land development as a creator of employment, and recognises

that it has itself an important contribution to make in this respect:

"Land development provides employment not only to the settler-families but also to the many contract labourers engaged in jungle felling and planting operations.

By providing employment opportunities, FELDA contributes to the uplifting of income and livelihood of the rural poor and in this way also subscribes to the Government's programme of eradicating poverty in the rural areas"

(FELDA, 1977b, p.11).

The ability of the Authority to provide employment will be assessed below, and the discussion will consider three main points: first, the ability of FELDA to provide employment to the settlers themselves; second, the ability of FELDA to provide employment to settler dependants, particularly the second generation; third, the Authority's ability to generate employment in areas near to its schemes. (158)

First, the Federal Land Development Authority's ability to provide employment to the settler depends mainly upon the size of the main-crop holding which the settler is allocated, and the size of holding which furnishes enough employment to the settler -without overtaxing him - is governed by several factors. (159) The appropriate dimensions depend on factors such as type of crop, season of the year, age of the scheme, and the nature of the terrain. For example, although oil-palm is a less labour-intensive crop than rubber (Gates, et al, 1967, p.14), yet oil-palm is physically very demanding to work. The seasonal nature of some tasks means that the settler is unlikely to be employed fully throughout the year. The tasks to be performed will vary in importance as the scheme matures. Schemes in very hilly areas might require a greater input of labour than those blessed with more gentle relief. (160)

The lower limit of holding size is set by the Authority's aim to provide certain minimum levels of income and employment. Maximum size is influenced by the government's desire that as many people as possible benefit from FELDA settlement. The actual size of holdings is a compromise between these constraints and requirements.

FELDA has experimented with different sizes of main crop holding over the years.⁽¹⁶¹⁾ Today, a FELDA settler is allocated a 'standard' holding of 10 acres. However, investigation suggests that the Authority's present holding size is not sufficient to provide even the settler - let alone others on the scheme - with full employment. Lim Sow Ching's 1970/1971 data for six FELDA rubber schemes showed that the estimated total labour requirement on these schemes was 68.4% of the estimated potential supply then employed as tappers on the schemes (Lim Sow Ching, 1976, Table 10.9).⁽¹⁶²⁾ Lim Sow Ching's findings suggested strongly that each settler was employed below his full potential.⁽¹⁶³⁾ The consultants for the Jengka Triangle Project considered that a settler could work between 8 and 10 acres of rubber, and between 10 and 12 acres of oil-palm (Tippetts and Co., et al, 1967, p.20). In addition, many schemes lack alternative sources of employment, and often the settler must rely upon his main crop holding to keep him fully occupied.

The data available imply that the standard holding size of 10 acres is not big enough to provide the settler with continual, full employment. The settler may be fully stretched at periods of peak yield (Bahrin and Perera, 1977), but during off-peak periods, and in the years before and after the crop reaches maximum production, he is likely to be underemployed. This may be particularly the case with oil-palm, where the 10 acres allocated to the FELDA settler is much

smaller than the 14 to 16 acres which private sector oil-palm estates consider one man capable of working (Harcharan Singh Khera, 1975). In general, the level at which the settler is employed on the scheme may be described at best as adequate.

Second, FELDA's ability to provide employment for settler dependants must be questioned. The Authority's schemes are designed around the requirements of the settler, and in the early days very little thought was given to the problems which would be encountered once the settlers' children had reached maturity. It was even stated in an official FELDA propaganda leaflet that problems of over-population and of unemployment on schemes would "solve themselves" (FELDA, 1956, p.1). Today, FELDA is aware that - far from having solved themselves - over-population and under-employment among settler dependants pose serious problems.

High levels of unemployment among settler dependants arise from several causes. First, FELDA selection procedure has always been biased in favour of potential settlers with large families. The Authority's schemes are reserved for married men, and a points system favours settlers with many children.⁽¹⁶⁴⁾ Second, the inability of the holdings to furnish the settlers with full employment means necessarily that there is little employment to be found on the holdings for settler dependants. Third, many FELDA schemes - especially the new schemes - are remote from established kampungs and small towns which might offer alternative employment opportunities. Fourth, FELDA schemes do not encompass sufficient reserve land to accommodate all the dependants who may wish to become FELDA farmers. Fifth, it is probable that the settler dependants have aspirations beyond agriculture, and the scheme and its environs may not be able to furnish the different - non-agricultural - jobs sought by the second generation.

Lim Sow Ching stated that the average family size on the FELDA schemes which he studied in the period 1969 - 1971 was 9.1 persons, and that in the average family children below the age of sixteen numbered 4.9 persons (Lim Sow Ching, 1976).

It has been stated that there is a "progressive decline in the number of children per family in the newer schemes as compared with the older schemes" (Bahrin and Perera, 1977, p.59), but even so the FELDA Census found that the average number of children per settler-family was 4.80 persons (Addnan Din, 1978).⁽¹⁶⁵⁾

FELDA prefers to settle relatively young farmers on its schemes. Thus the chances of a settler's son inheriting the holding from his father are very small. Few young men are likely to remain on the scheme long enough to inherit, and they cannot look forward realistically to this possibility of future employment.⁽¹⁶⁶⁾

The problem of providing employment for the second generation has been with the Federal Land Development Authority for many years. However, the problem has grown as the settlers' families have matured. In 1965, Wikkramatileke noted a "tendency towards internal population pressures" on schemes, and he described teenagers as a "minor social nuisance" (Wikkramatileke, 1965, p.401). Only a few years later, with reference to the Jengka Triangle, Wikkramatileke considered that "impending population pressure within the Jengka schemes is blatantly obvious" (Wikkramatileke, 1972b, p.500). Other workers have warned of the dangers of future high unemployment levels among settler dependants, and the matter has been summarised recently by MacAndrews and Yamamoto: "the FELDA mechanism of land development is now creating an appreciable pressure for second generation unemployment" (MacAndrews and Yamamoto, 1975a, p.10).

The magnitude of the problem of second generation unemployment may be gauged from the findings of the FELDA Census. Table 7.4 reveals the occupations (by occupational groups) of settlers' children who have completed schooling. The occupational groups presented in Table 7.4 preclude detailed analysis (because the "Private Sector Staff" and "Others" categories embrace a wide range of occupations), but one feature stands out from the Table : the great number (17,087) of settlers' children who had completed schooling who at the time of the survey declared themselves unemployed. These unemployed dependants numbered almost half (44.3%) of the total number (38,584) of settlers' children who had completed schooling by 1976. In addition to these children, there must have been other dependants - particularly wives, but also elderly relatives - who were resident on FELDA schemes but who were also without employment.

Table 7.4 shows also that a significant proportion of those who had found work (21,497, or 55.7% of the total 38,584) were employed by FELDA, by other statutory bodies, or by some department of government. The settlers' children with these types of employment numbered 4,311 (1,210 + 3,101), that is 11.1% of the total number of settlers' children who had completed schooling (38,584), and 20.1% of the 21,497 settlers' children who were reported as employed. It would appear that these children at least preferred the incomes, job security and job satisfaction more likely to be found by them in public employment than elsewhere.

The high level of unemployment (44.3%) among settlers' child-

TABLE 7.4
 Federal Land Development Authority
OCCUPATIONS OF SETTLERS' CHILDREN
WHO HAVE COMPLETED SCHOOLING, 1976

FIELD OF OCCUPATION	SETTLERS' CHILDREN WHO HAVE COMPLETED SCHOOLING	
	No.	%
EMPLOYED:	21,497	55.7
FELDA STAFF	1,210	3.1
GOVERNMENT AND OTHER STATUTORY BODIES' STAFF	3,101	8.0
PRIVATE SECTOR STAFF	2,082	5.4
OTHERS	15,104	39.1
UNEMPLOYED:	17,087	44.3
TOTAL	<u>38,584</u>	<u>100.0</u>

Source: FELDA, 1978, Table 8.4,

Settlers' Children Who Have Completed Schooling by
Occupational Groups.

ren who had completed schooling by 1976 may be explained partly by a lack of jobs per se, but it is this author's opinion that a further cause was a lack of suitable employment. This observation is supported by the FELDA Census of 1976, by personal observation in the Jengka Triangle between early-April and mid-June, 1977, and by empirical study (namely that of MacAndrews, 1977).

The FELDA Census of 1976 leaves little doubt that the children of settlers are educated to a much higher standard than are their parents. Indeed, given the great importance which has been attached to education in Peninsular Malaysia since independence it would be surprising if this were not so. Table 7.5 makes this point abundantly clear.

Table 7.5 shows the level of educational attainment of settlers and their children at the 1976 survey. Several points can be made concerning the data in Table 7.5. First, a small but measurable percentage of settlers (5.8%) professed to having no formal schooling, whereas all the settlers' children had acquired at least some primary level education. Second, the vast majority of settlers (87.6%) had acquired primary education only, with a mere 5.8% (4.6% + 1.2%) proceeding to secondary education, and very few (0.7%) going beyond the upper secondary level (see note (b) to Table 7.5). This position contrasts with that for settlers' children who had completed schooling (of particular relevance here, for they will include any job-seekers). Although the majority (64.1%) of settlers' children who had completed schooling had only primary level education, over one-third (35.4%, i.e. 22.0% + 13.4%)

TABLE 7.5
Federal Land Development Authority
LEVEL OF EDUCATIONAL ATTAINMENT OF SETTLERS AND SETTLERS' CHILDREN

LEVEL OF EDUCATIONAL ATTAINMENT (a)	SETTLERS		SETTLERS' CHILDREN			
	No.	%	CHILDREN WHO HAVE COMPLETED SCHOOLING		CHILDREN WHO ARE STILL SCHOOLING	
			No.	%	No.	%
No Education	1,983	5.8	-	-	-	-
Primary Level Education	29,736	87.6	22,136	64.1	48,810	66.8
Secondary Level Education	1,571	4.6	7,594	22.0	17,300	23.7
	401	1.2	4,634	13.4	5,761	7.9
(Secondary Level Education Sub-Total)	(1,972)	(5.8)	(12,228)	(35.4)	(23,061)	(31.6)
Sixth Form Education	251 ^(b)	0.7	-	-	764	1.0
Higher Education (College or University)	-	-	171	0.5	483	0.7
TOTAL	33,942 ^(c)	100.0	34,535 ^(d)	100.0	73,118	100.0

Table 7.5

Sources and Notes.

- (a) In Peninsular Malaysia today a child should have at least nine years' schooling: six years' Primary education (Standard I to Standard 6) from the ages of 6+ to 11+, followed automatically by three years' Lower Secondary education (Form 1 to Form 3) from the ages of 12+ to 14+. At the end of Form 3 the children are examined, and the successful candidates proceed to Upper Secondary education (Form 4 and Form 5). Again there is an examination, and the successful candidates proceed to two years of Sixth Form education (ages 17+ and 18+), and thence possibly to Higher Education. For details of Peninsular Malaysia's education system, see Federation of Malaysia, 1979a, pp.370-420, especially pp.380-381.
- (b) The source Table for the settlers' educational attainment recorded "Secondary 6 and above", leaving doubt as to whether any settlers had reached Higher Education. The present author considers that few settlers will have attained a college or university education, and has chosen to list this figure under Sixth Form Education in Table 7.5.
- (c) In addition to this total, a further 994 settlers were recorded under "missing information".
- (d) In addition to this total, a further 2,408 settlers' children who had completed schooling were recorded under "Other" education. This "Other" education may well have been religious education in an Islamic religious school.

Source: adapted and compiled from data presented in FELDA, 1978, Table 4.1, Husbands' Academic Education by States, Table 8.2, Level of Settlers' Children's Education Who Are Still Schooling, and Table 8.3, Level of Education Achieved by Settlers' Children Who Have Completed Schooling, and in Federation of Malaysia, 1979a, pp.380-381.

had gone on to secondary level education, and a small proportion (0.5%) had proceeded to college or university.

Similarly, nearly one-third (31.6%) of settlers' children who were still schooling were in secondary level education, with some 483 (0.7%) having gone on to tertiary education. Presumably, most of those recorded still at primary level will move automatically to lower secondary level at the age of 12⁺ years, and lower secondary level education at least should be the norm for all the settlers' children in future (see note (a) to Table 7.5).

MacAndrews found in his sample study of Bilut Valley - FELDA's oldest scheme, which settlers first entered in 1975 - that the overall number of years schooling for dependants was 5.8 years, compared with 4.2 years for the settlers sampled (MacAndrews, 1977, p.203).

In addition to formal education, the children of settlers probably make much greater use of media such as radio, television, magazines and cinema. There is good indication that the relatively high levels of schooling attained by the settlers' children, coupled with their knowledge of - and desire to experience - life beyond the FELDA schemes, means that in many cases they aspire to employment which generally cannot be provided by the schemes or by their close environs. Therefore, high unemployment among settlers' children results not just from lack of jobs per se, but also from a lack of employment deemed suitable by children whose levels of education and knowledge - and hence, aspirations - are generally much higher than those of their parents.

As indicated above, support for this viewpoint was acquired in the Jengka Triangle between early-April and mid-June, 1977. During

this period, the present author attempted to implement a questionnaire designed to ascertain the opinions of settlers and their sons regarding the sons' education and proposed future employment. This questionnaire was not implemented fully, but nevertheless it allowed this author much opportunity to talk to settlers and their sons and to canvass their opinions on these matters. Consequently, this field-work experience supplies a basis for the subjective comments recorded below.

The scheme with which this author was primarily concerned was Anggerik or Jengka I (in the Jengka Triangle, Pahang), an oil-palm scheme of some 5,208 acres (Bahrin and Perera, 1977, Appendix I), with a total population in 1976 of 2,859 persons, comprising 455 settlers, their wives and dependants (FELDA, 1978, Appendix I), as well as FELDA staff and occasional visitors. Settlers and their sons were interviewed through the medium of an interpreter, the interviews taking place either at home, at the scheme manager's office, or wherever proved to be most convenient, e.g. at a kedai kopi, bearing in mind that the settlers had to find an opportunity to break off from their work. All the respondents appeared quite willing to answer the questions put to them, and did not appear to be influenced by the fact that the interpreters used were junior FELDA staff. Questions were put separately to the settlers and their sons, and the main findings are set out below.

The settlers themselves seemed quite happy with their lot as FELDA settlers. Table 7.6 shows that few (only 14.1%) of Jengka I's settlers were natives of Pahang State, most having migrated some

TABLE 7.6
Federal Land Development Authority
STATES OF ORIGIN OF SETTLERS ON JENGKA
I (ANGGERIK), 1976

STATE OF ORIGIN	SETTLERS	
	No.	%
Penang	17	3.7
Perak	78	17.1
Selangor	<u>17</u>	<u>3.7</u>
CENTRAL WEST COAST	<u>112</u>	<u>24.5</u>
Negri Sembilan	13	2.9
Malacca	38	8.4
Johore	<u>89</u>	<u>19.6</u>
SOUTH-WEST COAST	<u>140</u>	<u>30.9</u>
Kedah	71	15.6
Perlis	<u>9</u>	<u>2.0</u>
NORTH-WEST COAST	<u>80</u>	<u>17.6</u>
Pahang	64	14.1
Kelantan	38	8.4
Trengganu	<u>21</u>	<u>4.6</u>
EAST COAST	<u>123</u>	<u>27.1</u>
TOTAL	<u>455</u>	<u>100.0</u>

Source: FELDA, 1978, Table 3.1.5,

Migration by States of Origin for Pahang State.

considerable distance in 1970 - 1971 from States such as Johore (19.6%), Perak (17.1%), and Kedah (15.6%). Whilst they acknowledged that the first years of settlement had been hard, they were now beginning to reap the rewards of a maturing oil-palm scheme, and as most of them had a background in unprofitable padi-farming, rubber small-holding, fishing or labouring, they were appreciative of their enhanced incomes and improved living conditions. As might be expected from the information in Table 7.5, the vast majority of the settlers consulted had only primary level education, and they realised that the incomes they received through the good offices of FELDA were far beyond those which men of their social and educational background might have expected normally. Although there was some griping at having to pay back the cost of resettlement and at the fluctuations in income which occurred over the year, in general the settlers thought themselves fortunate to be FELDA settlers, and considered that settlement by the Authority represented a good deal for men of their age and social and educational background.

MacAndrews noted similar responses in his studies. MacAndrews noted, for example, that

"the Bilut Valley settler surveyed saw FELDA as a better occupation providing land, income and security and that they saw it as a good means of livelihood for their own generation"

(MacAndrews, 1977, p.220).

When the present author asked about their aspirations for their sons future employment, most of the Jengka I settlers hoped that their sons would find employment outside agriculture. Despite their own experience with FELDA, they generally looked upon agricul-

tural occupations as low-income employment involving hard manual work in the open air, and desired that their sons make full use of their better education by acquiring secure, well-paid jobs in non-agricultural employment. Most were uncertain about the precise nature of the work to which they aspired for their sons, but "office work" or "working for the government" were cited frequently as possibilities. "Business" occupations were also regarded with favour.

The settlers seemed to consider agriculture - as manual work - to be of low status, and that to enter agriculture would be a waste of their sons' good education. The only agriculture which in general was deemed suitable for their sons was that of following in their fathers' footsteps as FELDA settlers, and this only because of the high incomes which FELDA-based agriculture can provide. Some settlers expressed a desire that their sons proceed to higher education if possible, although generally it was considered that secondary education would be sufficient to ensure a satisfactory future for their sons.

The empirical studies of MacAndrews reached similar conclusions. MacAndrews found that government jobs had a very prestigious status as being secure and privileged (MacAndrews, 1977, p.151), and education was seen by the settlers as a very desirable commodity. The settlers at Bilut Valley had high educational goals for their children, and desired "to see their children educated and to move upwards in the Malaysian society" (MacAndrews, 1977, p.205). They did not look to agriculture as a future for their offspring:

"Generally the Bilut Valley settlers had high hopes of a good career for their children, with a strong preference for a government job. This was particularly strong in the case of the Malay respondent (79.4%). A business occupation seemed a second alternative to all three groups*"

(MacAndrews, 1977, p.221).

Similarly, in Ulu Jempol (which settlers entered in 1965) the settlers were appreciative of what the Authority had done for them,

"but if the settlers were happy with their own experiences with FELDA and would recommend their own generation of friends to join FELDA they clearly had higher aspirations for their children"

(MacAndrews, 1977, p.298).

When MacAndrews posed the question what kind of job would you hope your children to do when they leave school?, 22 (51.2%) of his 43 settler respondents on Ulu Jempol preferred a "government job" for their children, 15 (34.9%) preferred "business", and only 1 (2.3%) preferred the occupation of "farmer". The remainder either wished to leave the decision to their children, or did not state a preference.

The present author found that the attitudes of the settlers' sons mirrored those of their fathers, with desire for a secure, non-agricultural job figuring highly in their aspirations. In common with many youths in their mid-teens (and some, in fact, were well into their twenties), the majority had no definite future occupation in mind, but the desire to avoid agriculture was evidently a priority. Again, "office work" and "working for the government" figured high on the list of desirable future employment, and - although these categories

* i.e. Malay, Chinese and Indian.

are vague - they suggest strongly that the aspirations were for non-manual, relatively well-paid, secure, and relatively easy jobs in terms of physical labour such as agriculture in Peninsular Malaysia can hardly provide. Some respondents also had notions of taking part in "business", although the actual desired occupation went largely unspecified.

Most of the settlers' sons did not see emplacement on a FELDA scheme as a desirable future, although it was generally acknowledged that if one had to enter an agricultural occupation then FELDA settlement was the best option available. Only one or two of the settlers' sons consulted by the present author had actually joined the ranks of FELDA settlers.

Whilst desire to put their education to good use and to avoid agricultural jobs which were thought rather menial was some explanation for the aspirations of settlers' sons, investigation revealed that there was certainly another reason : a desire to "see the world". This author knows from personal experience that life on a FELDA scheme such as Jengka I is tranquil, to say the least. The scheme is situated several miles from even small towns such as Temerloh and Jerantut, and transport links between the Jengka Triangle and such towns are poor. Although the following statement may not be true of older FELDA schemes on the West Coast, new - and remote - schemes such as Jengka I have little to offer youths in the way of their own perceptions of entertainment and interests : a rather poorly equipped Community Centre, a rough and stony football field, a weekly film-show and a mobile library, none of these could be

expected to compensate the youth of Jengka I for the lack of such delights as television, cinema, night-clubs and bright lights, especially when their own education - and radio and magazines - informed them that such desiderata were obtainable in the larger cities of their own country.

It was clear that many of the settlers' sons found life on Jengka I boring. If transport could be found, then they would take themselves off to nearby towns such as Temerloh, Mentekab, and Jerantut, and - if they were lucky - as far as Kuantan or even Kuala Lumpur. Understandably, Kuala Lumpur and Singapore were the cities to which they aspired when the time came for them to leave home and seek employment - or higher education - and there was a general feeling that although life on a FELDA scheme was fine for their parents, they were loth to make this their own future.

The preceding discussion suggests strongly that FELDA would do well to turn its attention to the problem of second generation unemployment on its schemes. This said, there is very good ground for suggesting that the onus for providing suitable employment opportunities for the educated and ambitious children of settlers should fall not on the Federal Land Development Authority, but on other authorities better placed than FELDA to furnish such employment opportunities, and ultimately squarely upon the government itself. As a land development agency, FELDA has only limited powers and terms of reference. This point will be elaborated in Chapter 8 below.

Third, from the foregoing it must be inferred that the ability of the Federal Land Development Authority to provide direct employment in areas near to schemes is virtually nil at present. The overall rate of unemployment in rural areas in the period 1957 to 1970 was 16.4% (MacAndrews, 1977) - despite FELDA's swift rise to pre-eminence among land development agencies in this period - and in 1969 it was considered officially that the estimated growth rate of all Peninsular Malaysia's land development agencies in the period 1969 to 1985,

"would do nothing to reduce the very sizeable under-employment already existing in the agricultural sector, nor would it reduce existing rates of unemployment"

(Economic Planning Unit, 1969, p.2).⁽¹⁶⁷⁾

Thus the Federal Land Development Authority's schemes seem not to satisfy entirely the needs of the settler for employment, not to pay much regard to the employment of the settler dependants, and to furnish little direct employment to nearby rural areas. Given the magnitude of the problem of rural unemployment and underemployment in Peninsular Malaysia, the activities of FELDA have done little to alter the socio-economic status quo with respect to overall imbalance in the provision of employment in rural areas.

7.3 RESTRUCTURING OF SOCIO-ECONOMIC SYSTEM

In addition to the claim noted above that the Federal Land Development Authority is "actively engaged in the eradication of rural poverty" (Addnan Din, 1978, p.87), it has been stated that "FELDA also contributes to the 'restructuring of the Malaysian Society' through its development activities" (FELDA, 1977b, p.11). Such restructuring is to be achieved by giving all Peninsular Malaysians equal opportunity to

participate in - and reap the benefit of - socio-economic development. The second part of Chapter 7 will assess the extent to which FELDA contributes to the restructuring of Peninsular Malaysia's socio-economic framework.

The discussion will deal in turn with the extent to which the Authority has improved physical infrastructure and provided social services; the extent to which FELDA has introduced to rural areas an urban environment and atmosphere; and the extent to which FELDA has helped to create a Malay commercial and industrial community owning 30% of productive assets and has facilitated intra-sectoral and inter-sectoral movement.

7.3a Improvement of Physical Infrastructure and Provision of Social Services

The physical infrastructure associated with Federal Land Development Authority schemes consists of housing, transport and communications facilities, and utilities such as piped water and electricity supply. The main social services are educational and health services. Some of these facilities, utilities and services are provided by the Authority, but most are the responsibility of other Agencies and Departments.

The Federal Land Development Authority furnishes its settlers with a standard timber house measuring some 450 square feet, comprising bedroom, lounge, dining room, kitchen, bathroom and toilet. Such accommodation is reckoned superior to typical kampung housing (Federation of Malaysia, 1975). Every group of 6 houses is served by

one stand-pipe, although piped water may be extended to individual houses when the crops start to yield.

The settlers' houses which this author had the opportunity of visiting on FELDA schemes in the Jengka Triangle and elsewhere varied in opulence. At first hearing a floor area of 450 square feet sounds large, but in practice it means a fairly simple wooden building with dimensions of approximately 30 feet by 15 feet, the interior consisting of one large room with a "master" bed-room sectioned off by means of a partition or curtain - not large when one considers that it has to house a settler, his wife, his family (averaging 4.8 children), and his belongings and furniture. The standard FELDA house is raised up on stilts within the $\frac{1}{4}$ -acre house-lot/garden, and has a verandah at the front. The kitchen consists of a cooking-area at the back of the house, and the bath-room and toilet are a screened-off washing area, and a latrine.

Understandably, such conditions do not allow of much privacy, and comfort is somewhat constrained. Consequently, many settlers expend time and effort on improving their houses, usually by building extensions to the sides and back of the house so as to add to the living/sleeping area. Some settlers make considerable efforts in this regard, and replace part or all of the house with brick construction. Indeed, the houses are designed with such extension in mind, and the enlarging or re-building of houses is encouraged by FELDA (Bahrin and Perera, 1977).

Overall, the settlers' houses remain largely unmodified.

Table 7.7 shows the FELDA Census's findings in respect of expend-

TABLE 7.7
Federal Land Development Authority
EXPENDITURE ON THE MODIFICATION OF
SETTLERS' HOUSES

EXPENDITURE	SETTLERS' HOUSES		
	No.	%	Cumulative %
NO EXPENDITURE	21,965	61.8	61.8
M\$500 AND LESS	5,449	15.3	77.1
M\$501 - M\$1,000	3,335	9.4	86.5
M\$1,001 - M\$1,500	1,504	4.2	90.7
M\$1,501 AND MORE	3,270	9.2	100.0
MISSING INFORMATION	8	0.0	100.0
TOTAL	<u>35,531</u>	<u>100.0</u>	<u>100.0</u>

Source : FELDA, 1978, Table 7.2, Expenditure on the Modification
of Settlers' Houses.

iture on modification of settler houses : nearly two-thirds of the houses (61.8%) were the original structures, and a further 15.3% had had M\$500 or less spent on them. However, on some schemes much improvement of houses has taken place, and Bahrin and Perera make special mention of the Taib Andak complex schemes (Johore) : "In 1976 of the 404 original settler houses in the Taib Andak project 372 have been modified or rebuilt" (Bahrin and Perera, 1977, p.73). In respect of Jengka I, 207 (45.5%) of the 455 houses had received some modification by 1976 (FELDA, 1978, Table 7.1.5), an impressive number when the relative newness of the scheme at that date is remembered, and testimony to the high incomes enjoyed by oil-palm settlers.

Construction of transport facilities has been a necessary part of FELDA's activities. The building of roads has been imperative for all stages of scheme development, from forest clearance to the evacuation of rubber and oil-palm products to the main ports. Consequently, the Authority's activities have led to considerable road-building in areas which were previously little-served by such infrastructure. However, the impact of the road-building programme associated with FELDA must not be overemphasised. The total mileage constructed by 1975 was 1,076 miles, of which 388 miles were access roads and 688 miles were village roads (MacAndrews, 1977, Table 3.8).⁽¹⁶⁸⁾

Although road-building by FELDA in rural areas has been meritorious, the construction of roads is not a sufficient condition for improving the physical mobility of the local population, whether

settler or not. Again, from experience in the Jengka Triangle, this author can confirm that lack of personal transport is a serious handicap to mobility : public 'bus and taxi services between schemes and nearby towns are fairly limited, and a motor-car, motor-cycle, or even pedal-cycle is a very useful possession. Many rural people do not have adequate personal transport, and are constrained in their mobility by the distances they are prepared to walk. In addition, the elements may play havoc with even FELDA's efforts to improve transport and communication links : on at least one scheme (in Trengganu) visited by this author, small boats are kept at the scheme office for use when floods caused by monsoon rains should render impassable the river-ford via which the scheme is entered.

With respect to communications, all FELDA schemes are planned to have a public telephone, and a telephone at the FELDA office. The original Jengka Triangle plan was designed to incorporate one telephone in each scheme office, one public call-box on each scheme and a further 350 telephones distributed between the various towns and factories within the project area (Tippetts and Co., et al, 1967). However - as with shortfalls in road construction - the implementation of the planned provision of telephone facilities, especially in the more remote areas of the East Coast States, has not been as rapid as envisaged by FELDA. In addition, FELDA schemes usually have a post office-cum-general store.

The Authority provides basic utilities on its schemes. Mention has been made above of the piped water, and FELDA schemes have usually some provision for electricity supply. However, few FELDA schemes are

linked to the national electricity grid, and most settlers make use of small diesel generators, each generator serving a small number of households (Federation of Malaysia, 1975).⁽¹⁶⁹⁾ Rubber and oil-palm processing installations are served by their own generating equipment.

The social services found on FELDA schemes are mainly of an educational and medical nature. All the Authority's schemes have a primary school and a health clinic, and some schemes are endowed also with a secondary school and more advanced medical facilities.⁽¹⁷⁰⁾ In addition to the FELDA post office-cum-general store, on Jengka I there were settler-run shops, a mosque, a primary school, a mid-wife/health clinic, a police station, and a Community Centre, which last contained a kindergarten and had a football pitch of sorts alongside it. There were also, of course, a scheme management office and a fertiliser store. All of these facilities - excepting some of the shops - were grouped fairly close to one another at the village centre.

The foregoing implies that fully-developed schemes of the Federal Land Development Authority might be expected to furnish the settlers and their families with a fair standard of basic facilities, utilities and services. Table 7.8 summarises the physical and social infrastructure on Federal Land Development Authority schemes at the end of 1974. The level of physical infrastructure and the provision of social services will be referred to again in the Conclusion to this Chapter.

TABLE 7.8

Federal Land Development Authority

PHYSICAL AND SOCIAL INFRASTRUCTURE
ON FELDA SCHEMES, 1974(a)

ITEM	TOTAL AT END 1974
SCHEME PARTICULARS	
i) Number of Schemes	100
ii) Acreage developed (b)	659,714
iii) Number of settler-families (c)	30,100
PHYSICAL INFRASTRUCTURE	
iv) Access Roads (miles)	388
v) Village Roads (miles)	688
vi) Bus Services	41
vii) Public Telephones	46
viii) Postal Agencies	60
ix) Mobile Post Offices	54
SOCIAL INFRASTRUCTURE	
x) Schools (Primary/Secondary)	100
xi) Clinics	88
xii) Mobile Library Units	3
xiii) Community Centres	84
xiv) Playgrounds	30
xv) Places of Worship	70
xvi) Police Posts	38

- (a) The mere listing of physical and social infrastructure says nothing about the state of repair or the efficiency of the items listed, nor - in the case of items (vi), (ix) and (xii) - about the frequency of service.
- (b) Refers to acreage developed for settlements on rubber and oil-palm schemes only.
- (c) The total population of the schemes was estimated at over 200,000 persons.

Source: adapted from MacAndrews, 1977, Table 3.8, Public Amenities in FELDA Schemes. MacAndrews derived the data from FELDA sources (1975).

7.3b Provision of Urban Environment and
of Regional Growth Centres

A further claim made for the Federal Land Development Authority is that its land development and settlement activities have helped to 'urbanise' rural areas. The extent to which FELDA has contributed to restructuring Peninsular Malaysia's socio-economic system by providing an urban environment in rural areas will be discussed with reference to three main points : the extent to which the Authority's schemes accord with the definition of 'urban' accepted in Peninsular Malaysia today; the extent to which FELDA has brought urban-type physical and social infrastructure, goods, services and functions to rural areas; and the extent to which the Authority has transformed the 'quality of life' of rural dwellers by furnishing them with an 'urban' rather than a 'rural' atmosphere.

In respect of this first point, official opinion as to what constitutes an 'urban' area in Peninsular Malaysia has changed over the years. At the 1931 Census, any gazetted area with a population of 1,000 persons or greater was considered 'urban'. At the 1947 and 1957 Censuses this definition of urban was used again. For the 1970 Census the definition of 'urban' was fixed at a gazetted area with population 10,000 persons or greater.⁽¹⁷¹⁾ This is the present definition of 'urban' in Peninsular Malaysia, and is therefore the population size criterion against which FELDA's schemes must be measured.

None of the Federal Land Development Authority's present schemes measures up to the definition of 'urban' accepted in Peninsular Malaysia today. Table 7.9 shows that the estimated average population of all FELDA schemes with settlers in 1976/1977 was 1,842.9 persons.⁽¹⁷²⁾ This estimated average figure concealed a wide variation between schemes at different stages of development. There were variations also between rubber schemes and oil-palm schemes. In 1976, the estimated average population of rubber schemes was 1,813.5 persons, ranging from a minimum of 82 persons to a maximum of 3,256 persons. The equivalent figures for oil-palm schemes were 1,876.9 persons, ranging from 257 to 4,076 persons (see Table 7.9).

Even if one accepts the maximum figures presented in Table 7.9 it can be seen that the Authority's schemes fall far short of the 10,000 persons or greater minimum population size criterion deemed necessary for the achievement of 'urban' status in Peninsular Malaysia today.⁽¹⁷³⁾

The second way in which the Federal Land Development Authority's 'urbanising' activities may be assessed is with respect to the provision of urban-type physical and social infrastructure, goods, services and functions in rural areas. The physical and social infrastructure, goods, services and functions to be found on FELDA schemes have been discussed in Section 7.3a above. The following paragraphs will compare the infrastructure, services and

TABLE 7.9

Federal Land Development Authority

POPULATION SIZES OF SCHEMES, 1976

Type of Scheme	Average population per Scheme (a)	Range of Population (b)	
		minimum	maximum
Rubber	1,813.5	82	3,256
Oil-Palm	1,876.9	257	4,076
All Schemes	1,842.9	-	-

(a) Only schemes with a settler population at the time of the FELDA Census (October-November, 1976) are included: 61 rubber schemes and 53 oil-palm schemes, totalling 114 schemes. The 61 rubber schemes had a total population (settlers + dependants) of 110,622, and the 53 oil-palm schemes a total population (settlers + dependants) of 99,474. Therefore, this author calculates the grand total population in 1976 to be 210,096 settlers and dependants. Note that this figure is slightly lower than the grand total of 211,826 settlers and dependants presented in the source Appendix.

(b) The actual schemes were: rubber (highest) Lembah Bilut (Pahang), 4,645 acres; (lowest) Parit Haji Idris (Johore), 253 acres; oil-palm (highest) Ulu Tebrau (Johore), 6,450 acres; (lowest) Tementi (Pahang), 3,920 acres.

Sources: adapted and compiled from FELDA, 1978, Appendix I, List of Number of Settlers, Husbands, Wives, and Settlers' Population Included in the Settler Census 1976, and Bahrin and Perera, 1977, Appendix I, FELDA Land Development Schemes, 1977.

functions to be found on a typical FELDA scheme with those which might be expected in an established small rural town.

In 1974 this author participated in a socio-economic survey of three towns within the Muda Agricultural Development Authority's project in north-west Peninsular Malaysia.⁽¹⁷⁴⁾ The three towns were Kangar (capital of the State of Perlis), Jitra (Kedah), and Simpang Empat (Perlis), the population sizes of which in 1970 were 8,757 persons, 4,223 persons, and 1,724 persons respectively (SOAS, 1974). The survey collected data in respect of economic functions, urban morphology, land use and infrastructure, and population dynamics.

The two smaller towns - Jitra and Simpang Empat - are of population sizes which allow comparison between themselves and the typical FELDA scheme.⁽¹⁷⁵⁾ Jitra (population 4,223) may be compared with the largest of the Authority's schemes, whereas Simpang Empat (population 1,724) provides a useful comparison with the 'ideal' FELDA scheme (population approximately 2,000 persons).⁽¹⁷⁶⁾

With respect to physical and social infrastructure, in 1974 Jitra was served well by electricity and street-lighting, water supplies, telephone lines, lined and covered drains and metalled roads within the town boundary. Simpang Empat had good electricity supplies within its boundaries, street-lighting, covered and lined drains and metalled roads serving the town centre.⁽¹⁷⁷⁾ The typical FELDA scheme is served adequately with basic physical and social infrastructure, yet the comparison with Jitra and Simpang Empat suggests that the typical FELDA scheme is less well served than an established small, rural town in this respect (see Section 7.3a above).

More pertinent is the comparison between the established small, rural towns and their FELDA counterparts with regard to the provision of urban goods, services and functions. Although the typical FELDA scheme has infrastructure such as mosque, clinic, primary school, piped water supplies, roads, and low-order retail establishments, there is much less in the way of urban goods, services and functions such as libraries, hospitals, banks, entertainment facilities and higher-order retail establishments. Comparison between the two established small, rural towns of Jitra and Simpang Empat and the four FELDA schemes studied by MacAndrews shows that the former are much better served than the latter with urban goods, services and functions (confer Table 7.I0 with Table 7.II).

The comparison between Jitra and the Authority's Bilut Valley scheme is worthy of closer scrutiny. The Bilut Valley scheme was established in 1957, and has therefore had longer than virtually any other FELDA scheme to acquire urban goods, services, and functions.

TABLE 7.10

PHYSICAL AND SOCIAL INFRASTRUCTURE IN TWO ESTABLISHED SMALL, RURAL TOWNS: JITRA (KEDAH) AND SIMPANG EMPAT (PERLIS), 1974

NAME OF TOWN (STATE)	POPULATION 1970 (a)	P H Y S I C A L A N D S O C I A L I N F R A S T R U C T U R E , 1974			NUMBER OF RETAIL ESTABLISHMENTS
		UTILITIES (b)	TRANSPORT AND COMMUNICATIONS (c)	SOCIAL SERVICES (EDUCATION AND MEDICINE (d))	
Jitra (Kedah)	4,223	Electricity; Street lighting; Covered, lined drains; Telephone lines; Open, unlined drains,	Buildings: 'Bus station; Petrol station; Post Office. Services.	One Primary School; Two Secondary Schools; Small Hospital; Two Private Clinics	143(e)
Simpang Empat (Perlis)	1,724	Electricity; Street lighting; Covered, lined drains; Open, unlined drains.	Buildings: 'Bus stop; Two Petrol stations. Services.	One Primary School; Two Secondary Schools.	87

(a) See foot-note 175.

(b) It is not suggested that there is complete coverage of all utilities within each town. However, electricity supply seems to be available everywhere within Jitra and Simpang Empat, and the 'core' areas of the towns are well served with utilities such as piped water and covered, lined drains. See text page 332, and foot-note 176.

(c) In 1972, Jitra had 63 telephone subscribers, and Simpang Empat had 12 telephone subscribers (SOAS, 1974, Table II:1). With respect to 'bus services, the Muda Agricultural Development Authority (MADA) collected census data regarding daily traffic flows in and around Jitra and Simpang Empat during one week in April, 1974. (MADA had collected data in April and October 1972 also, these months being selected "on the assumption that neither time would be affected by considerations of harvest or other periods of excess traffic" (SOAS, 1974, p.11). During the April 1974 survey, 'buses made a total of 423 journeys between Jitra and Alor Star, Changlun, Kodiang and Ayer

(Continued)

Notes to Table 7.10 (Continued)

(c) (Continued)

Hitam. More than half these trips (52.5%) were between Jitra and the State capital of Kedah, Alor Star (population 66,000 in 1970). The April 1974 survey noted also that 'buses made a total of 126 journeys between Simpang Empat and the State capital of Perlis, Kangar (population 8,757 in 1970). Thus, in 1974 Jitra and Simpang Empat - the former especially - were well connected by 'bus services to neighbouring settlements capable of providing additional physical and social infrastructure, goods, services and functions (see SOAS, 1974, Table II:2).

- (d) The small hospital listed for Jitra specialized in maternity cases and vaccinations (SOAS, 1974).
- (e) The total number of retail establishments in Jitra has had to be estimated from the source which presented data in regard of selected categories only. The figure for Simpang Empat is the actual total.

Source: adapted and compiled from data presented in School of Oriental and African Studies, 1974, Map III:4 and III:5, Jitra - Urban Morphology; Map III:6 and III:7, Simpang Empat - Urban Morphology, Map IV:6, Jitra - Infrastructural Areas; Map IV:8, Simpang Empat - Infrastructural Areas; Table V:6, Jitra - Functional Mix of Retail Establishments at Three Periods: Selected Categories; and Table V:8, Simpang Empat: Functional Mix of Retail Establishments at Three Periods.

TABLE 7.11

PHYSICAL AND SOCIAL INFRASTRUCTURE IN FOUR FELDA SCHEMES, 1975

NAME OF SCHEME (STATE)	POPULATION 1975	NUMBER OF SETTLERS 1975	PLANTED ACREAGE (TYPE OF MAIN CROP)	DATE OF OPENING OF SCHEME(a)	P H Y S I C A L A N D S O C I A L I N F R A S T R U C T U R E				NUMBER OF RETAIL ESTABLISHMENTS
					UTILITIES	TRANSPORT AND COMMUNICATIONS	SOCIAL SERVICES (EDUCATION AND MEDICINE)	OTHER SERVICES	
Bilut (b) Valley (Pahang)	5,000	568	4,646 (Rubber) (c)	1957	-	6 MARA Buses; (d) 1 Public telephone	1 National Primary School; 1 National Secondary School; 1 Kindergarten; 1 Health Clinic; 1 Dental Clinic; 1 Ambulance.	Mosque; Surau; Chinese Temple; Indian Temple; Church; Community Centre; Women's Institute; Police Station.	52
Jengka 12 (Pahang) (e)	1,702*	370	4,242 (Rubber)	1971	Piped Water Supply	Twice-Weekly Postal Service	1 Primary School; 1 Health Clinic.	Temporary Mosque; Community Centre; FELDA Cooperative Shop; Business Complex under Construction	6
Bukit (f) Besar (Johore)	3,109	394	4,178 (Oil-Palm)	1968	-	1 MARA Bus; 1 Post Office.	1 National Primary School; 1 Secondary School; 1 Religious School; 1 Kindergarten.	Mosque; Community Hall; Police Station; Football Field.	34
Ulu (g) Jempol (Pahang)	3,800	377	5,886 (Oil-Palm)	1963	Piped Water Supply	MARA Bus Service; One Taxi.	1 Primary School; 1 Religious School; 1 Kindergarten.	Mosque; Community Hall; Office Block; Fish Pond.	49

* estimated by multiplying number of settler households (370) by average household size (4.6 persons) (MacAndrews, 1977, p.231).

Notes to Table 7. II

- (a) Settlers may enter a scheme over a period of several weeks or months after the opening of a scheme.
- (b) Nearest town to Bilut Valley is Bentong, 14 miles away.
- (c) In 1975, an additional 3,063 acres was listed as Reservation or Unutilized.
- (d) MARA: Majlis Amanah Ra'ayat, or Council for the Indigenous People. See Glossary.
- (e) At the time of MacAndrews' survey, Jengka 12 had no electricity, no telephone, no direct 'bus service (MacAndrews, 1977, Table 4.18). MacAndrews notes that Jengka 12's inhabitants made use of a secondary school on a "nearby scheme - Jengka 2 - seven miles away" (MacAndrews, 1977, Table 4.18), and lists this secondary school among Jengka 12's facilities. The present author has chosen to not list this secondary school among the physical and social infrastructure of Jengka 12 as presented in Table 7.II. Nearest town to Jengka 12 is the Jengka Triangle's 'new' town, Bandar Pusat, 6 miles distant.
- (f) Nearest town to Bukit Besar is Kulai, 14 miles away.
- (g) MacAndrews lists the secondary school at Jengka 2 (five miles distant) and the Police Station at Tongkiat among the facilities of Ulu Jempol. These have not been included among the physical and social infrastructure of Ulu Jempol as presented in Table 7.II. MacAndrews notes that electricity is supplied to FELDA Staff/Staff Quarters only (MacAndrews, 1977, Table 5.1).

Source: adapted and compiled from data presented in MacAndrews, 1977, Table 4.1, Summary of Facilities: Bilut Valley; Table 4.18, Summary Table: Jengka 12; Table 5.1, Ulu Jempol: Summary; and Table 5.9, Summary of Facilities: Bukit Besar; and from data presented in Bahrin and Perera, 1977, Appendix I, FELDA Land Development Schemes, 1977.

What is more, with a 1975 estimated total population of 5,000 persons (MacAndrews, 1977) Bilut Valley is of a size comparable to that of Jitra. MacAndrews described Bilut Valley in 1975 as "well-endowed with facilities. It has two secondary schools, a primary school, a health clinic, a community hall, a police station and a large number of shops" (MacAndrews, 1977, p.182).

Comparison between the physical and social infrastructure found in Bilut Valley as revealed in Table 7.II and that enjoyed by Jitra (summarised in Table 7.IO) shows that the former - despite being "well-endowed with facilities" - is much less favoured than the latter in this respect.

This point is brought out further by a comparison of the numbers and types of retail establishments to be found in Bilut Valley and Jitra. Table 7.I2 lists the retail establishments to be found in Bilut Valley in 1975. Table 7.I3 reveals similar data for Jitra (and Simpang Empat) in 1974.

Comparison of Table 7.I2 with Table 7.I3 suggests two main conclusions. First, there was a great discrepancy in the number of retail establishments between Bilut Valley in 1975 and Jitra in 1974 (52 compared with 143).⁽¹⁷⁸⁾ Second, the majority - 67.3% (30.8% + 36.5%) of the retail establishments in Bilut Valley were low-order kedai kopi (coffee shops) and sundries shops, whereas a much greater proportion of the retail establishments in Jitra were relatively high-order establishments such as photographic supplies, chemists, and electrical goods. Kedai kopi were only 17.5% of the total. Comparison between Table 7.I2 and Table 7.I3 shows that in 1974 even the smaller

TABLE 7.12

BILUT VALLEY FELDA SCHEME
TYPE AND ETHNIC OWNERSHIP OF RETAIL ESTABLISHMENT, 1975

ETHNIC OWNER- SHIP	T Y P E O F R E T A I L E S T A B L I S H M E N T																				TOTAL SHOPS	
	Sundry		Coffee Shop		Barber Shop		Textile Shop		Butcher Shop		Bicycle Shop		Motor Re- pair Shop		Station- ery Shop		Tailor Shop		Tin-Smith Shop			
	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%		
	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%		
MALAY	6	37.5	12	63.2	2	66.7	-	-	1	50.0	-	-	-	-	-	-	-	-	-	21	40.4	
CHINESE	5	31.3	5	26.3	-	-	1	100.0	1	50.0	2	100.0	2	100.0	2	100.0	2	66.7	2	100.0	22	42.3
INDIAN	5	31.3	2	10.5	1	33.3	-	-	-	-	-	-	-	-	-	-	1	33.3	-	-	9	17.3
Bilut Valley Scheme Total (a)	16 (30.8)	100.0	19 (36.5)	100.0	3 (5.8)	100.0	1 (1.9)	100.0	2 (3.8)	100.0	2 (3.8)	2 (3.8)	2 (3.8)	2 (3.8)	2 (3.8)	100.0	3 (5.8)	100.0	2 (3.8)	2 (3.8)	52 (100.0)	100.0

(a) Figures in brackets are percentages of the total number of shops on the Bilut Valley Scheme. Thus, sundry shops numbered 16, or 30.8% of the total of 52 shops.

Source: adapted from MacAndrews, 1977, Table 4.6, Settler Owned Shops - Bilut Valley.

TABLE 7.13

RETAIL ESTABLISHMENTS IN TWO ESTABLISHED SMALL, RURAL TOWNS: (a)
JITRA (KEDAH) AND SIMPANG EMPAT (PERLIS), 1974, 1970 AND 1957

TYPE OF RETAIL ESTABLISHMENT (b)	Jitra						Simpang Empat					
	1974		1970		1957		1974		1970		1957	
	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%
General Store(c)	38	26.6	32	25.6	31	27.9	40	46.0	34	52.3	15	53.6
Furniture Store	2	1.4	2	1.6	2	1.8	2	2.3	-	-	-	-
Fabric Store	-	-	-	-	-	-	1	1.1	-	-	-	-
Jeweller/Gold- smith	-	-	-	-	-	-	5	5.7	5	7.7	5	17.9
Radio/Electrical	3	2.1	3	2.4	-	-	4	4.6	4	6.2	-	-
Photographic	3	2.1	3	2.4	2	1.8	-	-	-	-	-	-
Restaurant/Kedai Kopi	25	17.5	21	16.8	19	17.1	2	2.3	1	1.5	1	3.6
Barber/Hair- dresser	7	4.9	7	5.6	5	4.5	8	9.2	7	10.8	1	3.6
Tailor	8	5.6	8	6.4	7	6.3	6	6.9	4	6.2	2	7.1
Baker	-	-	-	-	-	-	1	1.1	-	-	-	-
Optician	-	-	-	-	-	-	1	1.1	1	1.5	-	-
Chemist	3	2.1	3	2.4	2	1.8	-	-	-	-	-	-
Agricultural Merchant	10	7.0	10	8.0	9	8.1	2	2.3	2	3.1	2	7.1
Motor/Bicycle Repairs	11	7.7	10	8.0	8	7.2	13	14.9	5	7.7	-	-
Garage/Filling Station	2	1.4	1	0.8	-	-	-	-	-	-	-	-
Metal Work	-	-	-	-	-	-	2	2.3	2	3.1	2	7.1
SUB-TOTAL	112	78.3	100	80.0	85	76.6	-	-	-	-	-	-
Other Retail Establishments	31	21.7	25	20.0	26	23.4	-	-	-	-	-	-
TOTAL(d)	143*	100.0	125*	100.0	111*	100.0	87	100.0	65	100.0	28	100.0

* estimated

Notes to Table 7.I3

- (a) It is to be assumed that the Muda River Irrigation Project may have had a stimulating effect upon the type and number of retail establishments in Jitra and Simpang Empat in 1974. Therefore data for 1970 and 1957 are included in order to provide a comparison with the 1974 data. The 1957 data is particularly useful in this respect, for it indicates the position prior to the impact of the Muda project..
- (b) The data presented in the sources listed below has been adapted slightly by the amalgamation of categories.
- (c) Includes both General Stores selling perishable goods and General Stores selling non-perishable goods, which appear as separate items in the sources.
- (d) The total number of retail establishments in Jitra has had to be estimated from the data presented in the source noted below. The total figures for Simpang Empat are actual figures.

Source: adapted and compiled from data presented in School of Oriental and African Studies, 1974, Table V:6, Jitra: Functional Mix of Retail Establishments at Three Periods - Selected Categories; and Table V:8, Simpang Empat: Functional Mix of Retail Establishments at Three Periods.

established rural town of Simpang Empat had more shops than Bilut Valley had in 1975 (87 compared with 52).

The data presented above suggest that the land development schemes of the Federal Land Development Authority do not provide the same level of urban physical and social infrastructure, goods, services and functions which one might expect in an established small, rural town in Peninsular Malaysia. The Authority does provide adequate levels of basic physical and social infrastructure - piped water supplies, housing, village roads, schools, mosques, and clinics - but higher levels of infrastructure, goods, services and functions appear generally absent. (179)

The third point to be considered when assessing the extent to which the Federal Land Development Authority has helped to 'urbanise' rural areas is the extent to which the Authority has brought an 'urban atmosphere' into rural districts. The assessment of a factor as subjective as 'urban atmosphere' is constrained necessarily by lack of parameters accepted as indicators of such a factor. Indeed, in the absence of criteria accepted universally, the following brief assessment must needs be very subjective. However some conclusions may be drawn.

The Federal Land Development Authority states officially that

"the settlers must not be settled in an area which exhibits the unknown or the unfamiliar. FELDA therefore attempts, as far as possible, to create a settlement type which the settlers are familiar with"

(Bahrin and Perera, 1977, p.64).

The vast majority of the Authority's settlers are poor, rural Malays taken from a traditional, rural, Malay kampung environment. (180) FELDA

is well aware of the problems involved in resettlement, and the 'culture-shock' which may occur when rural Malays are 'uprooted' from their traditional, close-knit village socio-economic system and transplanted elsewhere. Consequently, FELDA's mode of operation consists of moving poor rural Malays and their families into a new kampung environment, in which the process of modernisation - both social and economic - may be undertaken with limited trauma. (181)

Clearly, the extent to which any one FELDA scheme presents an "urban atmosphere" to the observer will depend upon many factors, primarily the background - social, economic and educational - of the observer, and the characteristics of the particular scheme (for example, the scheme's location, age, and size). With these points in mind, the following subjective impressions formed by MacAndrews are worth recording. First is MacAndrews' impression of Jengka 12 (or Melor) in Pahang, a rubber scheme of 4,217 acres (Bahrin and Perera, 1977, Appendix I), at the time of the new settlers' arrival (Spring 1975) :

"...one reaches Jengka 12 only after an initial five mile drive on a potholed tarmac road going eastwards a further twelve miles on a red mud road driven into the sparse and isolated landscape....It is a land with few signs of life except the odd and seemingly very distant village centre in another scheme or the odd small timber factory. Generally it is extremely isolated and lonely country to the outsider"

(MacAndrews, 1977, p.227).

However, MacAndrews' impression of Ulu Jempol was more favourable. Ulu Jempol - also in Pahang - contrasted with Jengka 12

in being an old-established scheme at the time of MacAndrews' visit (the first settlers arrived in 1965) based around 5,936 acres of oil-palm (Bahrin and Perera, 1977, Appendix I), located adjacent to the main road between Jerantut and **Maran**. Ulu Jempol had

"the air of being part of the established and developed countryside unlike the raw planned impact of the other Jengka area schemes"

(MacAndrews, 1977, p.259).

The present author has visited Peninsular Malaysia twice, once as part of an undergraduate field-trip (for some five weeks, June - August, 1974) and later for six months (mid-January - mid-July, 1977) as part of the research for the present study. During these two field-trips nearly all the major towns of Peninsular Malaysia were visited (e.g. Kuala Lumpur, Penang, Kuantan, Kota Bahru, Alor Setar), some for periods of several days or even weeks, and some more than once, and every effort was made to travel around and experience Peninsular Malaysia. In this regard, the 1974 field-studies of the small towns of Kangar, Jitra, and Simpang Empat (in north-west Peninsular Malaysia), in which this author participated, and visits to East Coast towns such as Kuantan, Kuala Trengganu and Kota Bahru were particularly valuable, as they furnished experience of the "small-town" atmosphere in Peninsular Malaysia. Clearly, a major capital city such as Kuala Lumpur is of little use as the sole Peninsular Malaysian standard by which to judge the "urban atmosphere" of FELDA schemes.

As regards FELDA schemes visited, these were several, although

it must be acknowledged that all those visited were in East Coast States (that is, in Pahang and Trengganu) and were relatively new schemes (exceptions being schemes such as Ulu Jempol, noted above).

Also, it must be acknowledged that at no time did this author reside on a FELDA scheme : the FELDA guest-house at the Tunku Abdul Razak Research Centre at Sungai Tekam proved to be the most convenient residence in the Jengka Triangle area. This said, much time was spent travelling into, out of, and within the Jengka Triangle, especially between the town of Temerloh, the Tunku Abdul Razak Research Centre at Sungai Tekam, and Jengka I. This latter was covered very comprehensively, either by motor-cycle or on foot, these proving to be the most convenient modes of transport. With these points borne in mind, the following paragraphs record the present author's own subjective impressions of FELDA schemes in the Jengka Triangle area, with particular reference paid to Jengka I.

The Jengka Triangle as a whole represented something of a paradox to this observer. On the one hand there was the isolation of the Jengka Triangle vis-à-vis the small yet bustling towns of Temerloh, Mentekab and Maran, and the busy National Route 2 which links them along the Jengka Triangle's southern frontier. Once these outposts are left behind, the traveller striking northwards into the Jengka Triangle on the new roads encounters comparatively little traffic other than occasional Landrovers, timber-lorries, palm-oil tankers and motor-cycles, and there is at first sight little very obvious sign of human activity. Often the only clear

indication of human presence is a distant view of the roof-tops which indicate yet another FELDA scheme.

On the other hand, there are the trees. Notwithstanding the absence of human faces, the most lasting impression of the Jengka Triangle which remains with this author is that of standing on a hill-side, and gazing downwards on the evidence furnished by a green ocean of oil-palm and rubber trees, whose arrangement into ordered, curving rows across the far slopes testifies through the clear fact of their cultivation that the hand of man has been at work in a remarkable way. At first sight isolated and empty, nonetheless the Jengka Triangle must impress the visitor with the hard work and fine organisation which have transformed the former forest into settled plantations in such a short space of time. True, forest does remain along stream-courses, in marshy hollows, on certain hill-sides for soil conservation, and in areas reserved for logging, but neither these remnants - nor the FELDA villages themselves - can detract from the overall impression of cultivation on the massive scale : the Jengka Triangle does not have the brisk activity of a Temerloh nor the bustle of a national highway, yet man is just as active there, albeit his activity is slower and quieter.

Within this pacific ocean of oil-palm and rubber trees stand islands of greater bustle. These are the new roads, the rubber latex and palm-oil mills, the timber-processing factories, and the FELDA villages. Road-building has been vital to the Jengka Triangle's development, and - despite delays and difficulties in their

construction - throughout the region roads have been carved through the forest. Such roads impress by their bold execution, but often delay in providing them with a black-top has meant deterioration of the lateritic surface thus exposed. The heavy lorries abet the afternoon downpours to create cloying mud, and in dry weather passing vehicles stir up billows of orange-red dust. In addition to the rumble of lorries, in the vicinity of the mills and factories there is the noise of machinery, and here of course there is greater movement of lorries and tractors bearing timber, rubber latex, and oil-palm fresh fruit bunches (FFB) - these last especially - for processing.

None of the foregoing has paid much regard to the settlements which are in many ways the rationale of the Jengka Triangle, the FELDA villages. To what extent do these settlements furnish an "urban atmosphere"? The answer must be that they do not, an opinion supported both by objective fact and by subjective impression.

On the first point - that of objective fact - the earlier discussions of the average sizes of FELDA schemes (as compared with the Peninsular Malaysian urban standard of 10,000 population), and of the level of urban-type physical and social infrastructure, goods, services and functions on the schemes, showed that on neither criterion can FELDA schemes be considered "urban" in the Peninsular Malaysia context : the schemes are too small, and their infrastructure, goods, services and functions are well below the "urban" standard. True, the youthfulness of even the oldest FELDA scheme vis-à-vis most established towns is not conducive to the acquisition

of a wide range of infrastructure, goods, services and functions, but clearly FELDA settlements are designed to be villages, not towns. FELDA settlements are invariably referred to as kampung or village (see, for example, Bahrin and Perera, 1977), and no attempt is made by the Authority to elevate their settlements beyond this basic role.

This is not to say that there is no urban development associated with FELDA's activity. For example, the Jengka Triangle plan contains one central town - Bandar Pusat (planned population, 12,000 persons) - and two smaller towns of 4,000 persons each, and other regional development plans have considerable provision for urban settlement. However, these planned urban places are not FELDA schemes, nor are they the responsibility of the Authority. Moreover, the tardy growth of these places is often in marked contrast to the rapid rise of the FELDA schemes themselves, clear tribute to that Authority's expertise. Also, although it is true that several FELDA settlements may be established adjacent to one another, yet again this juxtaposition does not create per se an urban area. (Bahrin and Perera discuss FELDA's efforts to comply with the government's urbanization policies. See Bahrin and Perera, 1977, pp.70 - 71).

Apart from the established towns of Temerloh, Mentekab, Maran, and Jerantut - at the apexes of the Jengka Triangle - the region does possess one new settlement which appears to merit the description "urban", at least in terms of infrastructure, goods, services, and functions, if not in terms of size. This is Tongkiat, a small

yet vigorous settlement composed largely of Chinese, which has developed spontaneously and rapidly astride the Jerantut-Maran road. This author has not studied Tongkiat in depth, but a visit to this settlement imbues the visitor with the feeling that here is a town, albeit small, haphazard, and decidedly "frontier" in character.

Tongkiat has arisen unplanned as a source of at least some of the goods, services, and functions which the FELDA schemes do not offer, e.g. motor-vehicle repair workshops, electrical goods' retailers, goldsmiths. MacAndrews has noted the following with reference to the Ulu Jempol FELDA scheme :

"The nearby town of Tongkiat was extensively used by the settlers for shopping though socialising seemed to be carried on in the scheme or with other nearby schemes"

(MacAndrews, 1977, p.297).

On the second point noted above - that of subjective impression - the following impressions of the present author regarding Jengka I may prove of value. As has been recorded earlier, the present writer spent long periods on Jengka I interviewing settlers and their dependants, and travelled extensively around the scheme, either on foot or by motor-cycle. The following brief paragraphs will mention first the physical impression of the scheme, followed by impressions of the scheme population.

Jengka I may be entered from more than one direction, either on a tarmacadamed road (showing signs of deterioration), or by way of newly-cut dirt roads. In either case, one passes first through glades of oil-palm trees. The trees are well grown and

tall, and their heavy fronds sweep downwards to leave tunnels through the dark foliage. If one pauses and enters a glade on foot, there is a surprising amount of undergrowth and tree-litter to contend with : weeds and cut fronds are left to protect the soil. Beneath the trees there are deep shadows and profound silences. Few birds sing, and to come across a group of settlers harvesting fruit, cutting fronds, or performing some other task of maintenance is welcome. As a stranger, one senses strongly the quiet presence of the millions of trees which form this man-made forest.

The FELDA village - Jengka I - which lies at the end of the road or track used for access appears a jumble of roofs and vegetation. The houses are built right up to the oil-palm glades, and - although the houses are spaced thirty or forty yards apart - much of the intervening space is occupied by palm and fruit trees, vegetable gardens and weeds. The exceptions to this luxuriance are the spaces immediately around the houses, which the settlers generally keep clean-weeded to discourage rodents, insects and snakes, and to allow for ventilation beneath their dwellings. The houses are raised up on stilts, and are approached by short flights of wooden steps.

The density of housing is low, up to about 4 houses per acre. The roads which thread their way between the houses are either dirt roads, or black-top roads which now have a rutted surface. With the settlers at work and the children at school, the residential areas are quiet. The main centres of activity are the scheme office, the small, central complex of kedai kopi, food stalls, and

sundries shops, and the scheme primary school. The police station, the health clinic and the mosque stand apart within their own compounds. Wherever one goes within the kampung, the atmosphere is that of a village, albeit a large and populous one.

The residents of this village are nearly all Malay. The FELDA Census of 1976 recorded 2,547 (99.0%) of the total population (settlers and dependants) of Jengka I (2,574 persons) in the category 'Malay', the remainder (27 persons, or 1.0%) being listed as 'Indian' (FELDA, 1978, Table 2.6.5). A most noteworthy feature of the scheme population was its youth. A staggering 1,543 (59.9%) of Jengka I's residents were children fifteen years old or younger; a further 963 (37.4%) of the residents were adults between the ages of sixteen and forty years; only 68 residents (2.6%) were over the age of forty (FELDA, 1978, Table 2.5.5). Overall the residents of the village seemed well off, well fed, and well clothed. In particular, the younger children were smartly turned out in neat school uniforms, and appeared healthy, alert, and inquisitive.

In terms of community and age structure Jengka I can be considered typical of a FELDA scheme. Table 7.14 presents the age structures and community composition of settled FELDA schemes by State, as well as the overall position. It may be seen from Table 7.14 that all FELDA schemes have populations which are youthful, and composed largely - usually almost entirely - of Malays. The schemes with the most aged average populations are those of Kedah, but even on Kedah schemes only 18.0% of the FELDA settlers and dependants exceed forty years of age, and nearly half (48.1%) are children fifteen years old or younger. Similarly, the State with ethnically the most heterogeneous populations on its schemes (Malacca) has a FELDA population which is

Federal Land Development Authority

AGE STRUCTURES AND COMMUNITY COMPOSITION OF SETTLED FELDA SCHEMES

[illegible]

Table 7.I4

Sources and Notes:

(*) indicates that the number of settlers recorded was too small to figure in the Table as a percentage after rounding; otherwise (-) indicates that no settler was recorded.

Sources: adapted and compiled from data presented in FELDA, 1978, Table 2.5, Settlers' Population by Age and Sex, and FELDA, 1978, Table 2.6, Number of Settlers' Population by Race.

83.4% Malay on average. If the figures for Jengka I are compared with the data for Pahang FELDA schemes as revealed in Table 7.14, and with the data for all schemes, then it will be seen that Jengka I's population is slightly younger and slightly more Malay than the average. However, the differences are small - especially in respect of the average scheme in Pahang - and Jengka I may be considered typical as regards the criteria of age structure and community composition of FELDA schemes.

Therefore, given the information and data presented above and FELDA's ability to generate high incomes, it is not surprising that the atmosphere to be found on a mature FELDA scheme is that of a prosperous Malay village community. 'Malayness' pervades a FELDA scheme : the settlers are Malay, and consequently culture is Malay, socio-economic institutions are Malay. Even the standard FELDA house mimics typical Malay kampung housing.

The absence of non-Malay population, culture and institutions from a FELDA scheme, the generally slow pace of life compared with even a small town worthy of the name, and the low level of urban physical and social infrastructure, goods, services and functions - all lead to the conclusion that the atmosphere on a FELDA scheme is not 'urban'. Rather, the atmosphere is that of a relatively modern and progressive rural Malay kampung.

7.3c The Creation of a Malay Commercial and Industrial Community and the Facilitation of Intrasectoral and Intersectoral Movement

The extent to which the Federal Land Development Authority has helped to restructure Peninsular Malaysia's socio-economic system by

creating a Malay commercial and industrial community and by facilitating intrasectoral and intersectoral movement will be discussed below. Lack of precise data - particularly on the first point - preclude detailed analysis, and conclusions drawn are tentative at best.

It is difficult to assess the extent to which FELDA has helped in the creation of a Malay commercial and industrial community owning at least 30% of economic assets by 1990. However, a number of points may be raised.

Up to the end of March 1977, FELDA had placed a total of 41,288 settlers on schemes growing rubber and oil-palm (Bahrin and Perera, 1977, Appendix I). At that date the Authority's schemes numbered 210, and totalled some 918,843 acres (Bahrin and Perera, 1977, Appendix I). However, at that time only 65 of the 86 rubber schemes and 56 of the 120 oil-palm schemes actually had settlers on them (Bahrin and Perera, 1977, Appendix I). The 65 settled rubber schemes totalled 217,242 acres, the 56 settled oil-palm schemes totalled 277,823 acres (Bahrin and Perera, 1977, Appendix I). By this reckoning, at the beginning of 1977, 41,288 FELDA settlers were emplaced on 495,065 acres of rubber and oil-palm.

Tree crops such as rubber and oil-palm require several years of maturation before they start to yield. Therefore more relevant to this assessment than the planted acreage of rubber and oil-palm is the acreage of these crops actually in production. In 1976 the productive acreage of rubber was 113,397 acres, that of oil-palm 242,040 acres. These two figures together gave a grand total of 355,437 acres (Bahrin and Perera, 1977, Table 2.8).

Thus we may conclude tentatively that the major productive assets owned by 41,288 Federal Land Development Authority settlers at about the beginning of 1977 were approximately 355,437 acres of commercially-productive tree-crops, comprising 113,397 acres of rubber and 242,040 acres of oil-palm.⁽¹⁸²⁾ This situation cannot be expected to have any significant effect upon Malay ownership within the Peninsular Malaysian economy. Indeed, even within the commercial crop sector the effect is minimal, and the Second Malaysia Plan stated that

"about 308,000 acres of FELDA land cultivated with rubber and oil palm and settled predominantly by Malays do not significantly affect the overall disparity in the ownership in the rubber, oil palm and coconut industries"

(Federation of Malaysia, 1971, p.40).

Settlers on FELDA schemes are encouraged to undertake subsidiary occupations, and some settlers have undoubtedly used their new-found wealth to branch out into non-agricultural endeavours. No doubt a few have been very successful, and have contributed in their small way to the creation of a Malay commercial and industrial community. However, the overall effect has been minimal. The majority of settlers have been prevented from using subsidiary occupations as a means of effecting inter-sectoral movements by factors such as the remoteness of schemes (especially of those in the East Coast States), lack of capital (especially on newer schemes, notwithstanding FELDA's ability to furnish loans), and - probably most important - the settlers' own relatively poor educational attainment and their lack of training and expertise in non-agricultural occupations.

Table 7.15 presents data concerning the subsidiary occupations of FELDA settlers and their wives (all settled FELDA schemes), and Table 7.16 presents equivalent data for Jengka I only. The salient features of Table 7.15 and Table 7.16 are discussed below.

Table 7.15 shows that overall 57.6% of FELDA settlers and 80.1% of settlers' wives had no subsidiary occupation, and that the majority of those who did have subsidiary occupations were engaged either in "subsidiary agriculture" (9.9% and 4.4% respectively) or as "part-time plantation workers" (15.2% and 8.1% respectively). Thus, 82.7% of the settlers (92.5% of their wives) had only their FELDA work or similar agricultural work to occupy them, and only the balance of 17.3% (7.5% of their wives) could claim an additional, non-agricultural occupation, and that - in the settlers' case - subsidiary to their main work as a FELDA settler.

Table 7.16 reveals that the position was very similar on Jengka I, although Jengka I was slightly better than the overall position presented in Table 7.15. On Jengka I over half the settlers (51.0%) and their wives (64.8%) claimed no subsidiary occupation, and where there was a subsidiary occupation it was usually as "part-time plantation workers" (18.9% and 27.1% respectively). However, 24.6% (100.0% minus 75.4%) of settlers (6.2% of their wives) claimed a non-agricultural subsidiary occupation. This figure is somewhat higher than the 17.3% average recorded in Table 7.15, and the generally better position regarding subsidiary occupation on Jengka I vis-a-vis the average probably reflects the fact that the

TABLE 7.15
Federal Land Development Authority
SUBSIDIARY OCCUPATIONS OF SETTLERS AND THEIR WIVES

SUBSIDIARY OCCUPATION	HUSBANDS		WIVES	
	No.	%	No.	%
None	20,132	57.6	28,066	80.1
Subsidiary Agriculture	3,469	9.9	1,540	4.4
Part-Time Plantation Workers	5,297	15.2	2,829	8.1
SUB-TOTAL	28,898	82.7	32,435	92.5
Traders	2,649	7.6	1,001	2.9
Tailors	40	0.1	887	2.5
Teachers	96	0.3	59	0.2
Drivers	655	1.9	-	-
Watchmen	228	0.7	4	0.0
Others	2,370	6.8	674	1.9
TOTAL	34,936	100.0	35,060 ^(a)	100.0

(a) Note that the total calculated by this author differs slightly from that presented in the source Table : 35,073.

Source : FELDA, 1978, Table 5.3, Husbands' Subsidiary Occupation, and Table 5.4, Wives' Subsidiary Occupation.

TABLE 7.16
Federal Land Development Authority
SUBSIDIARY OCCUPATIONS OF SETTLERS AND THEIR WIVES
ON JENGKA 1

SUBSIDIARY OCCUPATION	HUSBANDS		WIVES	
	No.	%	No.	%
None	232	51.0	294	64.8
Subsidiary Agriculture	25	5.5	9	2.0
Part-Time Plantation Workers	86	18.9	123	27.1
SUB-TOTAL	343	75.4	426	93.8
Traders	34	7.5	3	0.7
Tailors	-	-	1	0.2
Teachers	3	0.7	4	0.9
Drivers	15	3.3	-	-
Watchmen	5	1.1	-	-
Others	55	12.1	20	4.4
TOTAL	455	100.0	454	100.0

Source : FELDA, 1978, Table 5.3.5, Husbands' Subsidiary Occupation for Pahang State, and Table 5.4.5, Wives' Subsidiary Occupation for Pahang State.

location of Jengka I allows opportunity for part-time plantation work on FELDA schemes being developed nearby in the Jengka Triangle, and that the scheme's distance from established towns - coupled with the high incomes enjoyed by settlers - has prompted the more enterprising settlers to establish small businesses to serve their fellows' needs.

The foregoing indicates that - even allowing for subsidiary occupations - FELDA settlers are still restricted largely to agricultural occupations of one kind or another. Non-agricultural subsidiary occupations are mainly those of trader, driver, watchman or teacher. There is no mention of the higher levels of commerce (e.g. banking, insurance), of large-scale industry, or of the higher-paid and more prestigious professions (e.g. doctor, solicitor). Although the lack of data preclude certainty, from the foregoing it must be concluded that FELDA's direct contribution to the creation of a Malay commercial and industrial community owning 30% of productive assets by 1990 is more apparent than real.⁽¹⁸³⁾

In respect of intrasectoral and intersectoral movement of population, it must be remembered that the vast majority of the Federal Land Development Authority's settlers are Malays. MacAndrews - quoting the Authority's records - gave the ethnicity of FELDA settlers as 96% Malay, 2.7% Chinese, and 1.3% Indian in 1975 (MacAndrews, 1977).⁽¹⁸⁴⁾ Bearing in mind FELDA's great bias towards Malay settlers, several points may be made with reference to intrasectoral and intersectoral movements of population.

With regard to intrasectoral movements, the activities of the Federal Land Development Authority have resulted in a proportion of the rural Malay population being moved from the poor subsistence sectors - such as padi-farming and traditional fishing activities - into the wealthy commercial agriculture sector, concerned mainly with tree crop cultivation. In terms of spatial movements, FELDA has moved people short distances and intra-State, and from contiguous States (MacAndrews and Yamamoto, 1975b, p.79).

Given that a major prong of the New Economic Policy is the restructuring of the socio-economic system, more pertinent than intra-sectoral movement is FELDA's effect on intersectoral movement. The Federal Land Development Authority has made little or no direct contribution to the intersectoral movement of population. The Authority's activities are directed at the movement of Malays from poor rural occupations - especially unproductive agriculture - into wealth-generating, rural agricultural projects (FELDA schemes). The settler remains essentially a rural farmer, albeit with his income and standard of living enhanced. The settler has not been moved out of the agricultural sector into manufacturing or tertiary sector industries, nor has he been moved from a rural to an urban environment. Indeed, it is claimed that the Authority's activities have helped to reduce rural-urban migration (MacAndrews, 1977, p.142).

The Federal Land Development Authority has an understanding with State governments that at least 50% of places on a scheme be reserved for nationals of the State in which the scheme is located. In those States with greater population densities - Negri Sembilan,

Malacca, Kedah, Perak and Selangor - nearly all settlers are State nationals (Bahrin, 1972, p.18). This is shown clearly in Table 7.17, which reveals that in 1976 by far the highest proportion of FELDA settlers in any State were nationals of that State. For example, Table 7.17 reveals that 94.9% of FELDA settlers in Johore hailed from that State. All the other States - bar one - showed a marked concentration of State nationals in the FELDA schemes located within their borders.

The only state which exhibited non-conformity to the rule that the majority of FELDA settlers within its borders are nationals of that State was Pahang. Table 7.17 shows that Pahang nationals were only 33.0% of that State's FELDA population, a figure which reflects the fact that Pahang's small population can not fill all the FELDA places available in the State.

Consequently, although the Federal Land Development Authority has achieved limited intrasectoral movement of the Malay population, it has not effected intersectoral movements, nor touched in any meaningful way on the movements of the non-Malay population. The FELDA settler - despite enhanced income and living conditions - remains a Malay agriculturalist.

7.4 CONCLUSION

The foregoing has presented data pertinent to an assessment of FELDA's ability to contribute to an attainment of the objectives of the New Economic Policy, the discussion centring

TABLE 7.17

Federal Land Development Authority

STATE OF ORIGIN OF SETTLERS ON FELDA SCHEMES, 1976^(a)

362

STATE OF ORIGIN	S T A T E O F S E T T L E M E N T (b)																TOTAL	
	Johore		Kedah		Malacca		Negri Sembilan		Pahang		Perak		Selangor		Trengganu			
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%		
Penang	18	0.2	23	1.5	1	0.1	16	0.3	801	6.0	92	3.8	8	0.4	-	-	959	2.7
Perak	64	0.7	10	0.7	8	0.7	64	1.4	1,348	10.0	2,210	90.4	301	16.8	1	0.1	4,006	11.3
Selangor	37	0.4	1	0.1	5	0.5	155	3.4	1,056	7.9	28	1.1	1,368	76.1	2	0.1	2,652	7.5
Central																		
West Coast	119	1.3	34	2.3	14	1.3	235	5.1	3,205	23.9	2,330	95.3	1,677	93.3	3	0.2	7,617	21.5
Negri Sembilan	35	0.4	1	0.1	26	2.4	3,627	78.7	339	2.5	4	0.2	6	0.3	2	0.1	4,040	11.4
Malacca	121	1.4	-	-	982	89.9	375	8.1	685	5.1	1	0.0	14	0.8	1	0.1	2,179	6.1
Johore	8,384	94.9	-	-	51	4.7	252	5.5	760	5.7	4	0.2	28	1.6	3	0.2	9,482	26.7
South																		
West Coast	8,540	96.7	1	0.1	1,059	97.0	4,254	92.3	1,784	13.3	9	0.4	48	2.7	6	0.4	15,701	44.2
Kedah	24	0.3	1,451	95.9	7	0.6	35	0.8	1,561	11.6	85	3.5	43	2.4	2	0.1	3,208	9.0
Perlis	1	0.0	10	0.7	-	-	3	0.1	284	2.1	3	0.1	-	-	-	-	301	0.8
North																		
West Coast	25	0.3	1,461	96.6	7	0.6	38	0.9	1,845	13.7	88	3.6	43	2.4	2	0.1	3,509	9.8
West Coast	8,684	98.3	1,496	99.0	1,080	98.9	4,527	98.3	6,834	50.9	2,427	99.3	1,768	98.4	11	0.7	26,827	75.5
Pahang	37	0.4	-	-	4	0.4	23	0.5	4,428	33.0	3	0.1	-	-	10	0.5	4,505	12.7
Kelantan	15	0.2	10	0.7	-	-	31	0.7	1,552	11.6	9	0.4	3	0.2	184	10.0	1,804	5.1
Trengganu	47	0.5	-	-	2	0.2	10	0.2	566	4.2	2	0.1	3	0.2	1,625	88.7	2,255	6.3
East Coast	99	1.1	10	0.7	6	0.6	64	1.4	6,546	48.8	14	0.6	6	0.4	1,819	99.2	8,564	24.1
Others (c)	51	0.6	7	0.5	6	0.5	16	0.4	33	0.3	3	0.1	23	1.3	1	0.1	140	0.4
TOTAL No.	8,834	100.0	1,513	100.0	1,092	100.0	4,607	100.0	13,413	100.0	2,444	100.0	1,797	100.0	1,831	100.0	35,531	100.0
TOTAL %	24.9		4.3		3.1		13.0		37.8		6.9		5.1		5.2		100.0	

Notes to Table 7.I7

- (a) data were derived from the FELDA Settler Census, 1976.
- (b) Penang and Perlis are excluded since these States do not have FELDA schemes. Kelantan is excluded because there were no settlers in the FELDA schemes in Kelantan at the time of the Census in 1976.
- (c) Settlers not born in Peninsular Malaysia.

Source: adapted from Federation of Malaysia, 1979b, Table 5-6,
Malaysia: States with Settled FELDA Schemes.

around the New Economic Policy's two main prongs - the eradication of poverty and the restructuring of the socio-economic system. The main conclusions will be summarised below.

In respect of the eradication of poverty, Section 7.2 above examined FELDA's contribution to the raising of incomes and the provision of employment. The discussion made three points. First, it was noted that there are wide imbalances in income, both between schemes growing different crops and at different stages of development, and between settlers. It was noted also that a settler's income might vary greatly over time. Second, it was revealed that factors such as the different ages of schemes, the different main crops grown, FELDA's modus operandi, and fluctuations in the world market prices for the Authority's products are responsible for these income differentials. It was shown how such factors hinder an assessment of FELDA's contribution to an enhancement of income. Third, it was concluded that - income differentials and fluctuations notwithstanding - the average settler on a mature Federal Land Development Authority scheme has had his income raised considerably, both in terms of his previous income and in terms of the 'poverty line'. In 1976 the average settler growing oil-palm earned M\$526 per month, the average rubber settler M\$365 per month.

Section 7.2 discussed also the contribution of the Federal Land Development Authority to the provision of employment. It was noted that land development by FELDA and other agencies is considered a major vehicle for the generation of employment in rural areas. Section 7.2 showed that the employment level of the settler may fluctuate over time, that the provision of employment to the settler is adequate at

best, that there is a problem of unemployment among settler dependants which FELDA cannot alleviate unaided, and that little employment is generated by FELDA in rural areas near to schemes.

With regard to the restructuring of the socio-economic system, Section 7.3 above examined FELDA's contribution to the provision of physical and social infrastructure in rural areas, to the provision of an urban environment and regional growth centres in rural areas, and to the provision of a Malay commercial and industrial sector and to intrasectoral and intersectoral movement.

Taking the first two points together, it was found that the Federal Land Development Authority provides on its schemes the level of physical and social infrastructure reminiscent of a progressive Malay kampung, and that higher level urban physical and social infrastructure, goods, services and functions do not feature in FELDA's plans for a typical scheme. The contrast between four FELDA schemes and two established small, rural towns - Jitra and Simpang Empat - supported this view. Similarly, consideration of the population sizes of the Authority's schemes, and of the very un-urban atmosphere to be found on them, tend to refute the contention that FELDA has brought urbanisation to rural areas.

Consideration of the third point was more difficult, for lack of precise data precluded any but a superficial assessment. The main productive asset 'owned' by Federal Land Development Authority settlers was the productive acreage of rubber and oil-palm (totalling 355,437 acres in early 1977). It was not possible to assess accurately the contribution of the Authority to the creation of a Malay commercial

and industrial community owning 30% of productive assets by 1990, merely to suggest that FELDA's activities have had little direct impact in this respect.

The assessment of the Authority's contribution to intrasectoral and intersectoral movement was easier. The constraints laid upon the Authority in terms of the State nationality of its settlers, and FELDA's own objective of moving poor rural dwellers out of 'subsistence agriculture' into 'market agriculture', lead to the conclusion that the Federal Land Development Authority has brought about limited intra-sectoral movement only. FELDA has not brought about intersectoral movement of its settlers.

Thus, the Authority's ability to contribute to the attainment of the objectives of the New Economic Policy - the eradication of poverty and the restructuring of the socio-economic system - appears confined to the limited intrasectoral movement of part of the poor, rural Malay population. Those poor, rural Malays - mainly agriculturalists of some kind - who have been lucky enough to have become FELDA settlers have had their incomes enhanced and have been given adequate employment levels. They have been moved from a traditional, rural Malay kampung environment to a modern, rural Malay kampung environment. In FELDA's own words, "those who were 'subsistence farmers' before have now become 'commercial farmers'" (FELDA, 1976, p.10). This is not surprising, for

"FELDA's approach for the development of new areas is to finance groups of owner-farmers, to create a stable and prosperous land-owning peasantry enjoying through cooperative institutions the advantage of large-scale estate agriculture"

(Bahrin and Perera, 1977, p.25)

In other words, the Federal Land Development Authority's mode of operation is to enhance rural Malay incomes in situ, that is by maintaining the Malays as rural dwellers engaged in agricultural occupations. FELDA's approach is aimed at eradicating poverty among those lucky enough to benefit from FELDA settlement, and not aimed particularly at moving Malays out of the rural/agricultural sector into the urban/non-agricultural sector. Therefore, restructuring of the socio-economic system does not fall to the Authority.

Chapter 7 has dealt with the contribution of the Federal Land Development Authority to the attainment of the two main objectives of the New Economic Policy - eradication of poverty and the restructuring of the socio-economic system. Chapter 8 will draw upon the information presented in Chapter 7 - and in previous Chapters - to complete this assessment of the extent to which land development by the Federal Land Development Authority is a satisfactory method for eradicating poverty and restructuring society in the Malay-dominated rural areas, and thus the ability of FELDA to face up to the responsibilities placed upon it by the Malaysian government since 1969.

FOOTNOTES TO CHAPTER 7

135. "Within the context of the earning power of the settler the measurement of income is highly problematic. Certainly, income is measured in terms of money and wealth. But it must be emphasised that not all settlers are motivated in a similar way and degree by cash income. Closer observations indicate that not all the settlers place a high value on cash. A basic income, however, is a necessity" (Bahrin and Perera, 1977, p.75).
136. Blair and Noor list several causes of variation in income, including type of crop planted, size of holding, yield achieved, and market price (Blair and Noor, 1978), and they discuss the variations in income which arise from these causes (see Blair and Noor, 1978, pp.57 - 66). Section 7.2a does not consider variation in holding size as an influence upon income, on the assumption that holding size remains standard.
137. The techniques required for the successful cultivation of rubber and of oil-palm are summarised in Ooi Jin Bee, 1976, pp.221 - 248 (rubber) and pp.268 - 277 (oil-palm).
138. Perhaps most important, he is unlikely to be able to find much suitable land for the construction of padi-fields, even if he has enough spare time in which to undertake rice-cultivation (which is itself unlikely). Consequently, the great bulk - if not all - of his staple food-stuff will have to be bought.
139. In 1976 FELDA undertook a detailed survey of its settler population. This FELDA settler Census 1976 will be referred to further below. It suffices here to note that at that time 57.6% of settlers said that they had no subsidiary occupation, and there "is still considerable scope for encouraging settlers to undertake subsidiary occupations, a policy supported by FELDA" (Addnan Din, 1978, p.92).
140. As Blair and Noor have observed, the differential between the earnings of oil-palm settlers vis-a-vis those of rubber settlers may not be as great as it sometimes appears to be when all the various costs of production are taken into account (Blair and Noor, 1978, p.59).
141. "The FELDA settler has to repay over a period of 15 years an average sum of M\$146 a month, which is 45% of his total gross income" (Lim Sow Ching, 1976, p.215). At the beginning of 1977 the cost of settling one family on a FELDA scheme was broken down in the following manner:

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141. (Continued)

	Item	Cost in M\$
(i)	Infrastructure	5,900
(ii)	Administration	5,700
(iii)	Agricultural Holding	15,200
(iv)	House and Houselot	2,200
	Total	29,000

Items(iii) and (iv) are paid back by the settler before he receives title to the land (FELDA, 1977b, p.6).

142. In 1974 there were many instances of oil-palm settlers earning net monthly incomes in excess of M\$1,000 (Bahrin and Perera, 1977, p.78). The highest average net incomes ever recorded on FELDA schemes were: M\$1,881 for rubber (March, 1977), and M\$2,782 for oil-palm (November, 1974) (Addnan Din, 1978, p.91).
143. It must be remembered that FELDA was relatively inexperienced as a land developer at the time Ho made his assessment, and that no scheme would have reached full production.
144. FELDA acknowledges that settlers newly-arrived on a scheme will remain poor until the main-crop begins to yield (Bahrin and Perera, 1977, pp.76 - 78). Blair and Noor state that prior to production starting "settlers can be assumed to have an income of the order of M\$100 per month" (Blair and Noor, 1978, p.54), a figure which compares poorly with the 'poverty level'. The 'poverty level' is an approximation of average household incomes, and in 1976 was estimated at M\$150 per mensem (Blair and Noor, 1978, p.69).
145. In order that data presented by different authors might be comparable, presentation here of figures for income levels is restricted to incomes 'net' of costs deducted by FELDA.
146. Lim Sow Ching, 1976, Land Development Schemes in Peninsular Malaysia: A Study of Benefits and Costs, (Rubber Research Institute of Malaysia, Kuala Lumpur).
147. Lim Sow Ching computed three measures of income (gross income; labour income; profit), and he defined 'labour income' as "the total cash income finally available to the settler for meeting his daily expenses and other requirements (the return after deducting all material and other costs except unpaid family labour)". He considered 'labour income' to be a "most realistic measure of settlers' earnings" (Lim Sow Ching, 1976, p.211). In his study, Lim Sow Ching found that the total labour income per month on FELDA rubber schemes (average size 7.8 acres) was M\$246.5 per holding (Lim Sow Ching, 1976, Table 9.19).
148. MacAndrews, B. G., 1977, Mobility and Modernisation: A Study of the Malaysian Federal Land Development Authority and its Role in Modernising the Rural Malay, (Massachusetts Institute of Technology, Cambridge).

149. "Average monthly net income after deductions of their loan repayments, land rents and operating costs" (Bahrin and Perera, 1977, p.78).
150. Table 7.2 lists the net average incomes per month for oil-palm and rubber holdings of various sizes. See Table 7.2.
151. The FELDA Settler Census 1976 was conducted between October and November of that year, and "information was successfully collected" on 35,628 of the 37,158 settler households eligible for inclusion in the Census (Addnan Din, 1978, p.83). Collection of data was at phase - not scheme - level, and was confined to those rubber schemes which had been in production for at least four years, and to those oil-palm schemes with a 'block' system in operation (Blair and Noor, 1978, p.54).
152. Table 7.3 reveals that the equivalent figures for the early part of 1977 were even higher, at M\$640 and M\$423 respectively.
153. Blair and Noor note that in Peninsular Malaysia rubber trees 'winter' during March, at which time the yield of latex is at its lowest (Blair and Noor, 1978, p.62). In respect of oil-palm, there is a close relationship between rainfall and yield, dry weather being followed usually by low yields. Maximum yields of oil-palm fruits occur in April, May and June in Johore, and during November and December elsewhere in Peninsular Malaysia (Ooi Jin Bee, 1976, p.276).
154. "The average figures discussed tend to conceal the even wider range in income variation experienced by settlers. For an individual settler may earn less than M\$200 in a month or on occasion more than M\$3,000 in a month" (Addnan Din, 1978, p.91).
155. Lim Sow Ching's comparative study of FELDA, State and Fringe schemes reaches a similar conclusion about land development in general: "despite the limitations discussed, land development programmes have certainly succeeded in raising the income of the settlers, and hence their living standards" (Lim Sow Ching, 1976, p.229).
156. "Land development, as envisaged in the Plan, is synonymous with the creation of 'employment opportunity'" (Bahrin and Perera, 1977, p.20).
157. Most recently, the Mid-Term Review of the Third Malaysia Plan has stated categorically that "land development by the Federal Land Development Authority (FELDA) is the most important source for the expansion of agricultural employment" (Federation of Malaysia, 1979b, p.67).
158. This last point is particularly important when one recalls that FELDA is the corner-stone of Peninsular Malaysia's regional development plans. If such plans are to succeed, then as many opportunities as possible for providing employment must be seized.

159. For a brief discussion of the factors influencing holding-size, see Bahrin and Perera, 1977, pp.27 - 28.
160. For example, harvesting may be subject to seasonal troughs and peaks of labour requirement, and in the early days of scheme development less labour will be needed than when the scheme reaches maturity. The hilly nature of the terrain usually chosen for land development can necessitate greater inputs of labour for the many tasks - applying fertiliser, harvesting and the like - which are usually performed manually. In the Jengka Triangle, aircraft have been used to spread fertiliser, especially on the more inaccessible and hilly parts of schemes (which may have been covered inadequately by settlers on the ground).
161. See Chapter 2 above, and Bahrin and Perera, 1977, p.28 and p.154.
162. It must be noted that Lim Sow Ching found an average of 1.6 persons working as tappers on the FELDA rubber holdings which he studied, although "in almost all cases the head of family was the main tapper most of the time and was assisted by his wife or one other member of the family" (Lim Sow Ching, 1976, p.237).
163. See in particular Lim Sow Ching, 1976, Chapter 10 (Family Size, Resource Use and Farm Size), pp.235 - 259, especially Section 10.2 Supply and Utilisation of Labour.
164. The points system by which FELDA settlers are selected is summarised in Appendix III. This modus operandi can be justified by genuine desire to help the most needy - "the applicant's family size indicates his need" (Bahrin and Perera, 1977, p.59) - but it has the obvious disadvantage of exacerbating future problems caused by large numbers of settler dependants.
165. The remarkable similarity between this figure (4.80) and that obtained by Lim Sow Ching (4.90) would seem to give the lie to the claim that numbers of children are fewer on new schemes as compared to old.
166. Today FELDA settlers are likely to be between approximately twenty-five and about forty years of age when they enter the scheme. However, in the early days, FELDA was less discriminating and places were allocated to older farmers in their fifties and early sixties. These older men often found the many tasks of scheme development to be beyond their capabilities, especially in the days when the settler was regarded as a true pioneer and was expected to undertake arduous operations such as tree-felling and terracing.
167. Lim Sow Ching is in no doubt of the inability of land development schemes generally to furnish employment opportunities: "It would thus appear that the problem of surplus labour on holdings in the scheme is no less acute than that faced by many individual small growers on holdings outside the schemes. This is true even on the FELDA schemes where the size of holding is considered big enough to provide reasonable earnings at a high level of employment.

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While a full utilisation of available farm labour can perhaps never be achieved, the fact that half of this labour is unemployed on the scheme should be of serious concern to the Government and the planners. The evidence just presented does not support the widely accepted belief that land development schemes have successfully eliminated rural unemployment among settler-families" (Lim Sow Ching, 1976, p.246). With reference to FELDA, Lim Sow Ching opines in a footnote that the Authority's belief "that a 10-acre holding is sufficient to provide 'full' employment to a settler-family" is not true (Lim Sow Ching, 1976, p.246, footnote 6).

168. The actual construction of access roads is the responsibility of the Jabatan Kerja Raya (Public Works Department), which has not always been able to keep to its planned schedules (Alias, 1975, p.18). Two points need to be made briefly. First, roads being constructed in the new schemes of the East Coast States - for example, in the Jengka Triangle - may experience delays in surfacing with tarmacadam. Such roads deteriorate quickly if they remain unsurfaced, and heavy traffic such as timber-lorries and palm-oil tankers render them rutted and dusty in dry weather, or muddy quagmires in wet. Also, only the main routes are planned as 'black-top', the more usual laterite ('dirt') roads experiencing the deterioration noted above (although the unsurfaced roads within oil-palm holdings - protected as they are by the trees - seem to bear up to the relatively small loads imposed upon them). Second, much of the road mileage leads only to FELDA schemes, and this fact will limit its ability to stimulate much traffic additional to FELDA-related traffic.

169. Indeed, the original plan for the Jengka Triangle made no provision for the supply of electricity to the rural areas: "in the rural areas electric power is not recommended in the initial stages of development. As incomes increase and demand for domestic power becomes greater, consideration should be given to providing local power supply for each settlement" (Tippetts and Co., et al, 1967, p.26).

170. It is claimed that "the village centre in all schemes has reserves for most or all of the following:

FELDA Office	Health Centre
Community Centre	Public Library
Post Office	Women's Institute
Police Station	Co-op.Shop
Market	Government Reserves
Shops	Youth Club
Petrol Kiosk and Bus Station	Young Farmers' Club
Fire Station	Place of Worship
Cinema	Public Playground"

(Bahrin and Perera, 1977, p.68).

This list is somewhat idealised, in that not all schemes have all the facilities listed, and those facilities which are present may not be of a very high standard. For example, an information

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broadsheet issued by the Jengka Triangle's FELDA Regional Office at Sungei Tekam (Pahang) listed the 'social development benefits' on the 16 schemes which had acquired settlers by early 1977 as schools, clinics, FELDA co-operative shops, water supply, community centres and mosques. Four of the mosques and one school were still under construction, and one mosque had yet to be started (although the tender was being called) (FELDA, 1977a, Table VII).

171. As one author has put it, the 1,000 persons or greater definition of 'urban' "appears unduly low and does not allow us to distinguish between urban centres and overgrown villages" (Narayanan, S., Patterns and Implications of Urban Change in Peninsular Malaysia, pp.55 - 71, in Malayan Economic Review, Volume XX, Number 2, October 1975. The reference is on p.55).
172. It was noted above (Chapter 2, Section 2.3a) that the 'ideal' FELDA scheme has a population of approximately 2,000 persons (settlers + dependants).
173. FELDA has a policy of increasing settlement size wherever conditions allow (Bahrin and Perera, 1977, p.29), yet it is very unlikely that FELDA settlements can ever achieve the 'magic' figure of 10,000 persons which will transform them into 'urban' places. The reason lies in the inability of FELDA settlers to travel more than a relatively short distance to and from work: "FELDA is quite aware that the settlers must not travel more than three to four miles to their respective agricultural lots as their efficiency will be affected by longer commuting distance. These considerations govern the maximum size of a single scheme to be limited to about 6,500 acres for 600 families" (Bahrin and Perera, 1977, p.28). (Even postulating a highly-inflated figure of 10 persons per family, a scheme of 600 families would fall far short of official 'urban' status).
174. School of Oriental and African Studies (SOAS), 1974, West Malaysia Field Expedition Survey Report on Urban Encroachment on Padi Land in the Muda Project Area, (School of Oriental and African Studies, London). Referred to hereunder as SOAS, 1974).
175. Note that even Kangar - population 8,757 in 1970 - was not 'urban' in the strict sense used above.
176. The Report described Jitra as a "commercial and administrative centre of fairly high rank within the settlement hierarchy of the Muda irrigation project area" (SOAS, 1974, p.13). Simpang Empat functioned as a "minor service and marketing centre" (SOAS, 1974, p.24) serving the nearby agricultural area.
177. The Report does not suggest that all physical and social infrastructure was spread fully throughout the area covered by each town. However, the supply of electricity seemed to be ubiquitous within both Jitra and Simpang Empat, and the main commercial core of each town was well served with infrastructure: "the main

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commercial (and residential) area of Jitra is well served by electricity and street-lighting, piped water supplies and covered, lined drains" (SOAS, 1974, p.30); and in respect of Simpang Empat, "the main commercial area between the old road and the by-pass possesses all modern facilities" (SOAS, 1974, p.31).

178. Estimated. See note (d) to Table 7.13.

179. On the basis of the data presented here, this author finds it difficult to concur that FELDA schemes - especially the newer schemes of the East Coast - have "the basic facilities of schools, clinics, telephones and other modern structures that provide the usual social service for a town centre" (MacAndrews, 1977, p.148). Whilst some of the more basic facilities - piped water, schools, clinics - are present, even a small town worthy of the name (e.g. Simpang Empat) has much better provision of urban goods, services and functions such as electricity supply, shops and entertainment facilities. Even Lim Sow Ching fights shy of describing FELDA schemes as urban, though he does acknowledge that the "FELDA approach, however, has the great concomitant advantage of improving the 'quality of rural life' through the provision of public amenities, including houses, water supplies and roads" (Lim Sow Ching, 1976, p.280), themselves facilities that the urban dweller would normally take for granted.

180. The nature of the physical and socio-economic environment from which the vast majority of FELDA settlers are drawn is dealt with by Bahrin and Perera under the heading Malaysian Traditional Farmer (Bahrin and Perera, 1977, pp.23 - 25). Although not stated specifically, the 'Malaysian traditional farmer' referred to is clearly a Malay village dweller, and the comments made should not be considered equally applicable to farmers of non-Malay stock.

181. Indeed, the situation can hardly be otherwise when the Authority itself admits that "FELDA is dealing with settlers who have been conditioned in an environment, where attachment to the land and the kampung is such that living away from them is considered with abhorrence" (Bahrin and Perera, 1977, p.24).

182. Of course, the majority of settlers do not yet 'own' their crops, as most are still paying off some part of the cost of development incurred by FELDA.

183. This author has been unable to acquire data pertaining to the numbers and types of small businesses owned by settlers, although undoubtedly the more able and more enterprising of their number have branched out into enterprises such as raising chickens for the sale of eggs, and into coffee shops, barber shops, and other endeavours.

184. The government has indicated some dissatisfaction with the Malay dominance of FELDA schemes, and has stated that "efforts will continue to be made to increase the number of Chinese and Indian settlers in land schemes such as FELDA and youth schemes. In addition, it is the intention of the Government to intensify and

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promote land development to effectively increase the participation of other Malaysians in land schemes as envisaged in the OPP" (Federation of Malaysia, 1979b, p.54). However, it is very difficult to see how the government can effect substantial changes in the ethnicity of FELDA settlers without inciting protest from the Malays, who see FELDA's activities very much as a 'pet' programme for enhancing their own socio-economic position relative to that of the non-Malays.

CHAPTER 8

The Ability of the Federal Land Development
Authority to Contribute to the Attainment
of the Objectives of the New Development
Strategy

8.1 INTRODUCTION

The foregoing Chapters have presented data concerning national socio-economic development planning, land development, and nation-building in Peninsular Malaysia. The study has concentrated on the activities of the Federal Land Development Authority - the country's premier development agency - and the contribution of the Authority to the attainment of Peninsular Malaysia's socio-economic priority, national unity. Concentration on the activities of FELDA was deemed imperative because the Authority is the leading spender on socio-economic development in Peninsular Malaysia. Thus the Federal Land Development Authority is the most vital weapon in the government's armoury for correcting the imbalance in Peninsular Malaysia's socio-economic system.

Chapter 8 concludes this study, and has the purpose of summarising the main findings in respect of the Federal Land Development Authority's ability to meet the national socio-economic responsibilities placed upon it. The first aim of Chapter 8 is to assess the ability of FELDA to contribute to the attainment of the Malaysian government's New Economic Policy up to the present. The second aim is to offer suggestions concerning the Authority's future role. However, a synopsis of previous Chapters will first be presented.

Chapter 2 described the Federal Land Development Authority's activities and gave a short history of the Authority's development. The status of FELDA as a public agency undertaking the opening-up and settlement of new land, and as the leading agency within the land development programme, were both revealed. Chapter 2 showed that FELDA had become an experienced and able land developer by the end of the 1960s, and indicated that this was a main reason why the government chose the Authority as a vital component of its New Development Strategy after 1971.

Chapter 3 covered the development of British Malaya. A brief history of European and British contacts with the Malay Peninsula was presented, but the focus was upon the way development of British Malaya was attended by the creation of gross imbalance within the socio-economic system. It was pointed out that a socio-economic system evolves in space over time, that the fundamental social and economic structure of Peninsular Malaysia had been created by about 1914, and that development up to 1957 reinforced this socio-economic pattern. Chapter 3 stressed that at Merdeka Peninsular Malaysia inherited from British Malaya a plural society and a dual economy, of which the most significant features were the imbalances in socio-economic status and regional distribution of the main communities.

Chapter 4 detailed the several national socio-economic development Plans implemented in Peninsular Malaysia between 1950 and 1969. The main features of the Plans were described, and it was shown that the Plans were very similar in their important characteristics. Chapter 4 revealed that the planning ethos of the colonial era was carried through intact to the post-independence period: colonial-style

national socio-economic development planning was still being implemented more than a decade after Merdeka. Chapter 4 showed also that the government had reacted to electoral dissatisfaction - especially that manifested at the 1959 General Election - by accelerating existing programmes, not by changing fundamentally the planning approach.

Chapter 5 described the communal nature of politics in Peninsular Malaysia, and showed how dissatisfaction with the course of national development planning exploded into race-rioting at the May, 1969 elections. Chapter 5 emphasised that political considerations have a stranglehold over socio-economic development in Peninsular Malaysia. Finally, Chapter 5 revealed that scrutiny of the reasons for the May, 1969 race-riots led to the identification of the deep-rooted ethnic socio-economic imbalances as the causes, and that this resulted in the New Development Strategy as the means of eradicating the problem.

Chapter 6 described the New Development Strategy and its two components, Rukun Negara and the New Economic Policy. The main features of the two Plans implemented to achieve the New Development Strategy's objectives - the Second Malaysia Plan and the Third Malaysia Plan - were discussed. Chapter 6 noted that Rukun Negara is a long-term concept intended to change perceptions in Peninsular Malaysia, and stressed that it is the short-term New Economic Policy's objectives which are paramount today. Indeed, the New Development Strategy and the New Economic Policy in Peninsular Malaysia may be treated as synonyms.

Chapter 7 dealt with the contribution of the Federal Land Development Authority to the attainment of the New Economic Policy's two main prongs - the eradication of poverty and the restructuring of

the socio-economic system. Chapter 7 discussed FELDA's contribution to achieving these two main objectives and concluded that the Authority achieves the intra-sectoral movement of a limited number of Malays from 'subsistence agriculture' to 'commercial agriculture'. Chapter 7 noted that - enhancement of income notwithstanding - the settlers remain rural, Malay agriculturalists.

As stated in Chapter 1, it is the purpose of Chapter 8 to bring together the many threads of the complex web of national socio-economic development planning in Peninsular Malaysia, in order to assess the ability of FELDA to contribute to the attainment of the Malaysian government's New Economic Policy. Chapter 1 suggested that the most pertinent question to ask today is whether or not individual development programmes in Peninsular Malaysia are directed fully at national policy objectives?

The methodology to achieve the assessment of FELDA's role in attaining national objectives was stated as a comparison of planning pre-1969 with planning post-1969. The principle invoked was that repetition of pre-1969 planning in the post-1969 environment will produce ultimately the same failure of national unity as was revealed by the May, 1969 race-riots, and that an assessment of FELDA's present role must include an appreciation of past mistakes. That methodology will be implemented below.

8.2 COMPARISON BETWEEN NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLANNING PRE-1969 AND NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLANNING POST-1969

8.2a Main Features of National Socio-Economic Development Planning, 1950 - 1969

Chapter 4 gave a detailed account of national socio-economic development planning in Peninsular Malaysia between 1950 and 1969. Chapter 4 presented also a critique of the Plans implemented in that period, and the main features of socio-economic development planning 1957 - 1969 were summarised. The main characteristics of these several Plans were a two-fold emphasis on 'economic' aspects of development, and on rural development.

National planning pre-1969 was characterised by construction of physical infrastructure in rural areas. The main factor controlling the structure of the Plans in this period was the political necessity of finding a compromise national socio-economic policy acceptable to all Peninsular Malaysia's communities. It was especially vital to find a compromise accepted by both the politically powerful Malays and the economically powerful Chinese. The construction of physical infrastructure in rural areas was considered to be the solution.

The emphasis placed upon 'economic' development in rural areas was clear in the allocations and attainments of the Plans of this period. Table 8.1 shows that the First Malaya Plan, the Second Malaya Plan, and the First Malaysia Plan all allocated the greatest proportion of their expenditure (69.2%, 68.8% and 60.1% respectively) to 'economic' development. Reference to Table 4.2, Table 4.3 and Table 4.4 above will

show that the priority allocation was always to Transport, Communications and Public Utilities, with Agriculture and Rural Development claiming next place. Table 8.1 shows also that 'economic' targets were always attained more fully than 'social' targets.

Most 'economic' development took place in rural areas, where stress was placed on construction of irrigation and drainage schemes, roads, bridges, hospitals, schools, and mosques. Ness has stated that during the 1950s development emphasis narrowed "to an almost exclusive concern with building up the physical items of social overhead capital for the rural areas" (Ness, 1964, p.403).⁽¹⁸⁵⁾ The great 'economic' emphasis of the First Malaya Plan - revealed in Table 8.1 - supports this contention.⁽¹⁸⁶⁾ Table 8.1 does appear to show that the First Malaysia Plan was less concerned with 'economic' development - this category receiving 'only' 60.1% of planned expenditure - but the Plan document tends to refute this. The First Malaysia Plan stated that emphasis would be on projects which would provide firmer infrastructure for the economy, and on rural development (Federation of Malaysia, 1965).

The emphasis on the construction of physical infrastructure in rural areas was regarded as a workable economic and political compromise. Planners in the pre-1969 era could discover sound economic and political motives for this approach to national socio-economic development planning.

Economically, planning in the post-independence pre-1969 period still put greatest emphasis on preserving an investment climate attractive to the foreign capital deemed vital to development, and upon the necessity that development should pay for itself through revenue-generating projects.⁽¹⁸⁷⁾ Thus the government stated in the First

TABLE 8.1

Peninsular Malaysia

NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLANNING - SECTORAL EMPHASIS, 1956 - 1980^(a)

SECTOR	FIRST MALAYA PLAN 1956 - 1960		SECOND MALAYA PLAN 1961 - 1965		FIRST MALAYSIA PLAN 1966 - 1970		SECOND MALAYSIA PLAN 1971 - 1975		THIRD MALAYSIA PLAN 1976 - 1980	
	Planned Expenditure %	Plan Attainment %	Planned Expenditure %	Plan Attainment %	Planned Expenditure %	Plan Attainment %	Planned Expenditure %	Plan Attainment %	Planned Expenditure %	Plan Attainment %
ECONOMIC DEVELOPMENT	69.2	95.6	68.8	115.0	60.1	99.2	66.4	148.0	67.9	?
SOCIAL DEVELOPMENT	18.6	65.3	22.8	106.0	21.4	80.9	14.2	135.5	16.2	?
GENERAL GOVERNMENT	12.3	51.7	4.1	140.3	2.4	124.0	2.4	163.2	2.7	?
SECURITY	-	-	4.3	330.4	16.1	107.7	16.9	95.0	13.2	?
TOTAL	100.0	87.6	100.0	123.0	100.0	97.2	100.0	137.6	100.0	?

(a) See footnote 193.

Source: compiled from data presented in Table 4.2, Table 4.3, Table 4.4, Table 6.1 and Table 6.2 above.

Malaysia Plan that it would concentrate upon the maintenance of a favourable investment climate (Federation of Malaysia, 1965), and stressed the 'economic' nature of planning by stating that progress in the "sphere of social and community services, however, necessarily has to be subordinated to the economic objectives of the Plan" (Federation of Malaysia, 1965, p.68).⁽¹⁸⁸⁾

This approach was considered sound economically because it maintained the ethos of 'economic' stringency which had originated in the British colonial era, an ethos which was preserved long after independence. Also, Peninsular Malaysia's dependence on the export of primary products - rubber and tin especially - continued to lend further rationale to this prudence.

In terms of political soundness, the development of physical infrastructure in rural areas was a socio-economic policy acceptable to all communities. Such an approach was imperative to help convince rural Malays that the government was concerned for their progress,⁽¹⁸⁹⁾ and it had the concomitant advantage of assuaging Chinese fears concerning private - that is, Chinese - capital. Indeed, the Alliance philosophy was that private enterprise went hand-in-hand with political democracy (Rudner, 1975a), and Alliance leaders were at pains to stress this fact:

"It is our firm policy to maintain an environment in which opportunities increase and private owners are encouraged to produce, to prosper, and to expand their enterprises, for the benefit and prosperity of the whole country"

(Federation of Malaysia, 1964, p.50).

Thus in the period 1956 - 1969 the emphasis on agricultural development and public sector activity was directed at supporting and/or subsidising the private sector (Thillainathan, 1975).⁽¹⁹⁰⁾

The result of the 1959 General Election was a set-back for the Alliance government. The Alliance responded to the electorate's dissatisfaction with the course of national socio-economic development planning by stepping-up the pace of implementation, not by altering the basic structure of its approach. This lack of basic change is revealed in Table 8.1, which shows that Second Malaya Plan allocations were very similar to those of the First Malaya Plan in terms of the proportional allocation to either 'economic' or 'social' development. The pace of development was accelerated by the quasi-military methods described in Chapter 4.⁽¹⁹¹⁾

The main features of national socio-economic development planning in the pre-1969 period are summarised below. First, emphasis was placed upon 'economic' rather than 'social' development, and upon rural rather than urban areas. Second, the rationale underlying these emphases was that they satisfied the political requirement for Malay economic progress, at the same time letting Chinese private economic interests alone. Thus, the development of physical infrastructure in rural areas was a politically-motivated socio-economic compromise. Third, when these policies were challenged by electoral dissatisfaction - in 1959 - the government response was not to change the policies, but to speed up their implementation by allocating more funds, and by reducing bureaucratic impediments to development. This last point is important, for it indicates the government's response to electoral challenge of its policies.

8.2b Main Features of National Socio-Economic Development Planning, 1969 - 1980

National socio-economic development planning in the post-1969

period is embodied in the Second Malaysia Plan and the Third Malaysia Plan, which Plans enshrine the government's New Development Strategy. The main features of national planning in the post-1969 period can be discovered by a scrutiny of these Plans, and are revealed in the Plans' allocations and achievements.

Chapter 6 summarised the main features of the New Development Strategy, of the Rukun Negara, and of the New Economic Policy. The allocations and achievements of the Second Malaysia Plan and the Third Malaysia Plan were presented in Table 6.1 and Table 6.2 respectively, and data relevant to this section is reproduced in Table 8.1.

Table 8.1 shows that the Second Malaysia Plan and the Third Malaysia Plan both allotted over half of their expenditure (66.4% and 67.9% respectively) to 'economic' development. 'Social' development received a much smaller allocation (14.2% and 16.2% respectively). Reference to Table 6.1 and Table 6.2 above will show that the priority allocation in both Plans was to Transport, Communications and Public Utilities, with Agriculture and Rural Development running a close second. Table 8.1 shows also that on the whole 'economic' development was achieved rather better than 'social' development in the Second Malaysia Plan,⁽¹⁹²⁾ although in the Third Malaysia Plan 'social' development was more successfully achieved than 'economic' development. However, this fact does not alter the situation that - in terms of allocation - 'economic' development was much the favoured sector.

The data presented in Table 8.1 suggest that the post-1969 Plans show a remarkable similarity to the pre-1969 Plans in terms

of allocations and attainments. The percentage of total expenditure allocated to 'economic' rather than 'social' development throughout the period 1956 - 1980 shows noticeable congruity, a congruity particularly remarkable when it is remembered that the latter two Plans embody a 'new development strategy'.⁽¹⁹³⁾ Scrutiny of the more detailed Tables - Tables 4.2, 4.3, 4.4, 6.1 and 6.2 above - will reveal that all the Plans emphasise first Transport, Communications and Public Utilities and, second, Agriculture and Rural Development. In each Plan, the allocation to Agriculture and Rural Development alone is rather larger than the entire Plan allocation to 'social' development, and all the Plans give emphasis to Education and Training within this latter category. Thus in terms of allocated expenditure all the Plans - pre-1969 and post-1969 - show a great similarity of sectoral emphasis.

The position is similar with respect to the attainment of Plan objectives. Actual expenditures in the Plans for which data are available show that within sectors greatest expenditure was always to Transport, Communications and Public Utilities, with Agriculture and Rural Development occupying next place. Excluding the Second Malaya Plan, in all the Plans the actual expenditure on Agriculture and Rural Development alone was greater than the actual expenditure on the entire 'social' development sector. Even in the Second Malaya Plan, 'social' development expenditure only just exceeded that spent on Agriculture and Rural Development, and may be explained by the greater emphasis that the Alliance placed on wooing the rural Malays in the wake of the 1959 General Election defeat.

Table 8.1 demonstrates the remarkable congruity between all Peninsular Malaysia's national socio-economic development Plans between 1956 and 1980. In terms of sectoral allocations and attainments, the Plans are very similar, and it is clear that national planning in the post-1969 period possesses the same basic structure as planning pre-1969. Differences between the three earlier Plans and the two later Plans lie not in their structure, but solely in the amounts of funds allocated and expended. This similarity between the pre-1969 and the post-1969 Plans is emphasised by scrutiny of the Second Malaysia Plan and the Third Malaysia Plan documents.

The Second Malaysia Plan and the Third Malaysia Plan expressed a predilection - now familiar from our knowledge of pre-1969 national planning in Peninsular Malaysia - for a sound investment climate attractive to foreign capital, for revenue-generating projects, and for economic advancement of the Malays whilst still maintaining a climate favourable to local - that is, Chinese - private capital. These emphases were reiterated throughout the Second and Third Malaysia Plans.

The Second Malaysia Plan stated that foreign loans and grants would be expected to finance approximately 15% of total public development expenditure in the Plan period, and stressed that the country had a light debt burden and a "substantial holding of foreign assets" (Federation of Malaysia, 1971, p.80). These would make the country attractive to foreign investors. The attractiveness of

the country to foreign investment was reiterated in the Third Malaysia Plan,⁽¹⁹⁴⁾ and it was emphasised that the need for external capital assistance remained high:

"Despite the success of past development efforts and the rapid build-up of domestic resources, the nation continues to experience financial and skilled manpower limitations which could affect the successful implementation of the large public sector programme of the TMP. Efforts to secure the required level of development assistance on concessionary terms from all possible sources will therefore be sustained"

(Federation of Malaysia, 1976, p.261).

The Second and Third Malaysia Plans both stressed that allocations of money would be 'prudent', that is to revenue-generating projects capable of financing themselves. After noting that the country was attractive to foreign capital, the Second Malaysia Plan pointed out that this should not be considered an excuse for profligacy:

"Although the country's capacity to absorb additional loans is large and the debt burden still light, there is a cost to be paid on all borrowed funds. It is justifiable and indeed advantageous to borrow as long as there are projects which are economically viable and productive enough to repay the cost. In the Second Malaysia Plan, the priorities and needs of the public sector programme have been carefully considered to ensure that all projects are justified in terms of the financial costs involved and the alternative uses of resources"

(Federation of Malaysia, 1971, p.80).

The Third Malaysia Plan restated that public development must be 'prudent' in the financial sense: "the operations of public corporations and the commercial enterprises must be based on financial viability and social and management accountability" (Federation of Malaysia, 1976, p.280).

The post-1969 Plans reveal also the political necessity of bringing about Malay economic advancement without harming the vested interests of Chinese private capital. The major stated theme of the New Development Strategy is the augmentation of the economic status of the Malays, but - although Chinese private capital is not mentioned specifically - the reassurances are there for those who require them:

"Thus an essential ingredient of policy to reach the investment targets is the maintenance of a favourable economic and political climate in Malaysia. The surge of investment in 1970 suggests that, as the Plan gets underway, there does exist a general atmosphere congenial to a strong upward trend in private investment. The Government is committed to the continuation and maintenance of this favourable atmosphere"

(Federation of Malaysia, 1971, p.92).(195)

The theme of reassuring private capital was sufficiently important for it to be re-iterated in the Foreword to the Third Malaysia Plan:

"The private sector has a crucial role to play in the attainment of the nation's socio-economic goals. The active participation of the Malaysian business community, in combination with foreign private enterprise in the history of Malaysia's economic development, is indicative of the invaluable contributions that the private sector, in partnership with the Government, can make to the nation's progress. The Government is fully appreciative of the need to maintain a sound and favourable investment climate as an essential pre-requisite to the existence of dynamic entrepreneurship. The Government will ensure that the design and implementation of its policies and programmes conduce towards the fuller utilization of the great potential that exists in private initiative and enterprise for the socio-economic development of the country"

(Federation of Malaysia, 1976, p.vi).

The present government's faith in private enterprise does not extend simply to assuaging Chinese fears over their interests. Trust in private enterprise is central to present government strategy. The activities of the Federal Land Development Authority itself are essentially public-financing of Malay private ownership of land. Thus can Thillainathan say with reference to the present agricultural sector, "generally the role of the public sector in this area continues to be one of supporting and/or subsidising activities which are based on private ownership" (Thillainathan, 1975, p.311).

It can be seen from the foregoing that the Second Malaysia Plan and the Third Malaysia Plan contain the same basic structure as the pre-1969 national Plans. All the Plans - pre-1969 and post-1969 - show a much greater emphasis on 'economic' development rather than 'social' development, direct that 'economic' development to rural areas rather than urban, stress the need for foreign financing and an investment climate attractive to private capital, and put the emphasis on financial accountability and revenue-generating programmes.

The rationale underlying all the Plans is the same. First, that socio-economic development must be economically sound. Second, that socio-economic development must increase the economic status of the politically-powerful Malay community - especially of those in rural areas - without stepping on the toes of established Chinese economic interest. The overriding political constraint - that of choosing a policy of national socio-economic development accepted

as a compromise by both Malay and Chinese - has not changed since Merdeka. Hence, national socio-economic development Plans remain the same in their essential characteristics. (196)

The Second Malaysia Plan and the Third Malaysia Plan appear to differ from the pre-1969 Plans in two ways only. First, they each reveal a willingness on the part of government to increase the rate of socio-economic development. Table 6.1 above shows that the Second Malaysia Plan contains allocations rather greater than those of the First Malaysia Plan, and the increased allocations of the Third Malaysia Plan over those of the Second Malaysia Plan - revealed in Table 6.2 above - are particularly noteworthy. The two Plans stress also that a guiding concern of the government is to speed up Plan implementation. The Second Malaysia Plan states that "major improvements will be undertaken in the planning and implementation capacity of the Government" (Federation of Malaysia, 1971, p.8), and notes that

"the main attention of the Government during the five years will therefore be one of expediting implementation, particularly of the major economic programmes. Emphasis will be given to breaking bottlenecks which hinder the smooth implementation of the Plan"

(Federation of Malaysia, 1971, p.75).

Similarly, the Third Malaysia Plan states that "the Government will continue to be watchful of bottlenecks which inhibit the projected growth of the economy" (Federation of Malaysia, 1976, p.35).

However, this is not a real break with the past. It has been noted elsewhere that the government reacted to the crisis posed by the result of the 1959 General Election by increasing the pace of socio-economic development. The Alliance government of the day did this by raising allocations and by employing quasi-military techniques to bring about a rapid, visible impact in rural areas, the purpose being to mollify Malay disenchantment with the course of national planning. The result was the Second Malaya Plan, which differed from the First Malaya Plan, not in structure, but in the increased funds allocated and in the more successful implementation of projects.

Viewed in this light, the stress on greater funds and on speedier implementation contained in the Second Malaysia Plan and the Third Malaysia Plan is not new. It is the standard government response to electoral disenchantment with the course and nature of national socio-economic development planning.

The implication is that the post-1969 Plans differ from the pre-1969 Plans in only one real way: the stated objectives of the New Development Strategy.⁽¹⁹⁷⁾ This is the only difference between the Second and Third Malaysia Plans and the pre-1969 Plans. Present national socio-economic development Plans in Peninsular Malaysia state that the greatest weight is not on economic growth per se, but on the objective of restructuring the socio-economic system so as to correct historical inter-ethnic imbalance.⁽¹⁹⁸⁾ In particular, the short-term socio-economic objectives of the New Economic Policy are stressed because of the need to bring about quickly the visible socio-economic advancement of the politically-powerful Malays, if a repetition of the 1969 crisis is to be averted.

In 1969 the government of Peninsular Malaysia was faced with the same problem as that of 1959: how to tackle the problem of electoral dissatisfaction with national socio-economic development planning, especially the dissatisfaction exhibited by the Malay community? In 1959, the government had chosen a development compromise acceptable to all, namely the construction of physical infrastructure in the Malay-dominated rural areas. In 1969, the problem lay not so much in the fact of Malay backlash in the face of lack of socio-economic progress, but in the severity of that backlash and in the prospect of more serious repercussions. Clearly, a new, more powerful medicine was required to calm Malay anger and frustrations. Yet the government's hands remained tied by the continuing political necessity that economic advancement of the Malays be acceptable to the Chinese also. What was needed was a new socio-economic development compromise acceptable to all.

In the wake of the 1959 electoral dissatisfaction the compromise had been the construction of physical infrastructure in the Malay-dominated rural areas. The 1969 race-riots had shown that this particular compromise was inadequate. A more vigorous approach was required, and in the wake of the 1969 race-riots the choice fell upon a rapid and visible land development programme.

8.3 LAND DEVELOPMENT AND THE FEDERAL LAND DEVELOPMENT AUTHORITY - AN ACCEPTABLE SOCIO-ECONOMIC DEVEL- OPMENT COMPROMISE

In May, 1969 the government of Peninsular Malaysia was faced with calamity at the polls. The race-riots which followed the Selangor State Elections on May 13, 1969 indicated great electoral dissatisfaction with the style of national development planning since Merdeka.

Proximate causes of the disturbances were numerous, but the underlying reason was seen to be the inter-ethnic imbalance prevalent in the socio-economic system. The government's dilemma lay in choosing a response suited to the challenge thrown down by the electorate, especially that expressed by the Malay community.

The response to the May, 1969 crisis had to be selected with care, for it had to satisfy certain criteria peculiar to socio-economic development in Peninsular Malaysia. The crisis was mainly political, and was seen to consist primarily of Malay dissatisfaction with the fact that economic growth seemed to have passed by them. Thus, the first imperative of the new approach was that it had to embody an element of redistribution of economic power favourable to the Malay community. Yet the May 1969 race-riots had not altered the fact that in the short term the Chinese still enjoyed economic paramountcy.⁽¹⁹⁹⁾ Consequently, in order that Chinese private capital should not take fright, the second imperative of the new approach was that it had also to leave Chinese economic interests well alone. In addition, the 1969 Malay political backlash had been much more severe than that of 1959, so a third imperative was that the new approach achieve a rapid and visible effect in the Malay-dominated rural areas.

To these political imperatives could be added the government's traditional liking for economic rigour, attraction of foreign capital and revenue-generating projects, a liking which dictated that - if at all possible - the new approach be sound economically as well as acceptable politically.

Land development answered all the political requirements of the situation. Bahrin has pointed out that in Southeast Asia land development

is a convenient instrument for maintaining the political status quo (Bahrin, 1972, p.1), and this point is particularly apposite in the context of Peninsular Malaysia's politics. First, public development of State land leading to private ownership was very acceptable to the Malays, the bumiputra for whom land-ownership has a very high status. Second, to the Chinese, development of State or Federal land did not impinge on vested Chinese interest, and thus was to them an acceptable mechanism for directing some economic advantage to the Malays. Third, development of previously little-used forest regions necessarily had a major impact on the landscape of rural areas, and thus satisfied the imperative for visible and speedy socio-economic development of the Malays.⁽²⁰⁰⁾ Thus land development was in all respects a politically sound investment.

Land development had an additional attraction in the government's eyes, in that it was also a sound investment economically. If undertaken properly, public sector land development could prove a rich fount of revenue for the country. What is more, land development made use of two resources which Peninsular Malaysia had in abundance - underused public land and underutilized rural labour - and it had been proven that the capital costs of developing these resources - though great - could be recouped eventually, with considerable profit.

Land development in Peninsular Malaysia was not new in 1969, but its potential - especially political potential - had not been exploited fully. In the aftermath of the May, 1969 race-riots the government cast around for new approaches, and the very success of the Federal Land Development Authority during the 1960s was sufficient cause to adopt land development by FELDA as a main vehicle for putting the New Development Strategy into practice.

The premier position of the Federal Land Development Authority on the socio-economic development scene in Peninsular Malaysia stems from its ability to implement the politico-economic compromise, land development. Chapter 2 revealed that there are other land development agencies in Peninsular Malaysia, but only FELDA can satisfy all the requirements placed upon land development by the government. The Authority has been selected as Peninsular Malaysia's main socio-economic development agency for several reasons.

First, as was noted in Chapter 2, the Federal Land Development Authority had ironed out the difficulties inherent in the practical implementation of land development prior to 1969. Indeed, FELDA had featured once before as part of a government response to electoral dissatisfaction. It is no coincidence that the start of FELDA's Development Stage coincided with the Second Malaya Plan, which Plan required increased rural development in the aftermath of the 1959 electoral dissatisfaction:

"The main strategy of the Plan was rural development with an allocation of about 50 per cent of the total investment, in order of priority, for land development and settlement, agriculture, rural roads, water supply, clinics, schools and other utility services.

The execution of such a programme requires experience and expertise. FELDA, therefore, with its wide experience and competence gained over the years, became the logical choice of the Government as its agency for the planning and implementation of all the schemes in the country"

(Bahrin and Perera, 1977, p.17).

The Second Malaysia Plan noted that the Authority had enjoyed in the 1960s success not always achieved by other agencies (for example, by fringe alienation schemes), and it was logical that the government should look to FELDA again as its most experienced and capable agency for accelerating rural development post-1969.

Second, FELDA was the only agency capable of tackling successfully the development of remote regions. The development of the 'backwoods' was forced partly by the lack of large areas of suitable, unalienated land in the West Coast States, and partly by the political imperative of being seen to do something for the rural Malays. Economies of scale and political requirements both pointed to the Malay-dominated, rural and backward East Coast States. Such areas necessitated the 'package-deal' approach if land development were to be successful, and only FELDA was capable of implementing such land development on the required scale.

Third, the Federal Land Development Authority's mode of operation fitted the many pressing political requirements. The Authority takes State land in trust, develops it with the use of Federal funds, then passes it to the settler, who retains title. The settler becomes ultimately the owner-occupier of a small-holding growing commercially valuable tree-crops at a level of efficiency akin to that of a plantation, and so his desire for land and his demand for a higher income are satisfied in one operation. The severity of the May, 1969 backlash meant that this latter factor - enhancement of rural Malay income as a means of redirecting economic wealth - had to take priority.

Lim Sow Ching's 1976 analysis has shown that public investment in FELDA-type land development is the most profitable commercially, and that FELDA is more capable than other agencies of enhancing the incomes of rural Malays via land development.⁽²⁰¹⁾ Thus, in the wake of the 1969 electoral dissatisfaction the Authority was seen by the government to satisfy the many political requirements forced upon it, particularly that of being seen to raise Malay incomes as part of the correction of imbalance in the socio-economic system.

In addition, FELDA development had the attraction of being economically viable for the country. Rudner notes that "FELDA was originally expected to yield an accounting 'profit' in the finest tradition of colonial enterprise" (Rudner, 1975c, p.326). The Authority may have political rationale, but economic viability remains imperative if the enhancement of Malay incomes is not to involve wasteful government subsidy. However, there is no fear on that score, for the Authority plays to Peninsular Malaysia's strengths: vast experience in cultivation of valuable tree-crops, primarily rubber and oil-palm, for which the country has cornered a large slice of the world market.

Several authorities have shown that land development by the Federal Land Development Authority is economically very profitable. Singh found that FELDA development was economically advantageous on cost-benefit analysis (Singh, 1968), and more recently Bahrin and Perera have noted that the high cost of FELDA development is more than offset by the economic and social returns (Bahrin and Perera, 1977). The economic returns are particularly high when advantage can be taken of large-scale operations, as on the regional development projects of the Jengka Triangle model. Quoting the FELDA Annual Report for 1967, Bahrin notes that:

"Development of the Triangle represents an objective investment of Federal funds that can generate ample repayment capacity and earn foreign exchange"

(Bahrin, 1971, p.32). (202)

The Federal Land Development Authority is Peninsular Malaysia's main socio-economic development agency because it is that agency best fitted to implement land development, the socio-economic development compromise selected in the wake of the 1969 race-riots. The severity

of the 1969 electoral dissatisfaction necessitated that the government be seen to correct inter-ethnic socio-economic imbalance. The mere construction of physical infrastructure - roads, bridges, mosques, playing fields - was not the solution that it had been in 1959: the visible economic advancement of the Malays - particularly the raising of rural Malay incomes - was imperative after May 13, 1969. The promulgation of the New Development Strategy - with the New Economic Policy as its core - satisfied Malay demands on paper. However, the difficulty was the perennial problem of conversion of words into deeds without harming Chinese economic interests.

The foregoing has shown that land development was selected as the acceptable compromise, and that the Federal Land Development Authority stood out as the only agency capable of putting the compromise into practice. Thus, the status of FELDA arises from the fact that the Authority embodies the compromise solution acceptable in the socio-economic/political climate of Peninsular Malaysia today.

8.4 THE ABILITY OF THE FEDERAL LAND DEVELOPMENT AUTHORITY TO CONTRIBUTE TO THE ATTAINMENT OF THE OBJECTIVES OF THE NEW DEVELOPMENT STRATEGY

8.4a The Present Role of the Federal Land Development Authority

It is well to remind ourselves here of the exact stated aim of national socio-economic development planning in modern Peninsular Malaysia. National planning is guided by the New Development Strategy, which has the long-term aim of welding Peninsular Malaysia's plural society into a nation. This nation-building is to be achieved partly by

the long-term aims of Rukun Negara, but mainly by the short-term objectives of the New Economic Policy. The severity of the 1969 race-riots indicated great electoral dissatisfaction with the style of national development planning, and forced the government to state publicly the methods it would adopt to correct the inter-ethnic imbalance in the socio-economic system. There can be little doubt that national unity will arise only from the correction of socio-economic imbalance, and that failure to correct such imbalance presages disaster.

Development planning before 1969 failed to create national unity because it persisted with policies which maintained inter-ethnic imbalance. Planning put the emphasis on economic growth, whilst perpetuating the basic socio-economic framework. This approach worked well in the pre-Merdeka period, when the British had acted as buffer and mediator between Malay and non-Malay. However, it should not have been allowed to persist into the post-independence years. Chapter 4 has shown the manner in which colonial planning policies were carried virtually intact into the late 1960s.

The first General Election in independent Peninsular Malaysia was that of 1959, at which the dissatisfaction of certain sections of the population with the nature of national planning was manifested by partial Alliance failure at the polls. The greatest dissatisfaction was felt by rural Malays, and the government had to seek a way of answering the electoral challenge.

The course chosen was a rapid increase in the pace of rural development. Implementation was speeded up by allocating more funds and by reducing bureaucratic controls. However, the structure of national development planning was not altered fundamentally. Nor could

it be, for the economic power of the Chinese dictated that economic advancement of the Malays must not impinge upon Chinese vested interests. Thus the construction of physical infrastructure in the Malay-dominated rural areas was a politically-inspired socio-economic compromise which in the short-term satisfied Malay demands for economic development whilst being accepted by the Chinese. The government had apparently withstood electoral dissatisfaction simply by stepping up the pace of existing programmes.

The 1969 General Election brought a second manifestation of electoral discontent with national socio-economic planning, but this time the reaction was much more severe. The May, 1969 race-riots showed that Malay demands for socio-economic equality could not be disregarded. It was imperative that the government put forward policies which would actually go some way towards correction of the socio-economic imbalance at the heart of the predicament. Thus the government promulgated its New Development Strategy, with the New Economic Policy as its major theme, and stated explicitly that future national development planning policy would be to correct inter-ethnic imbalance in the socio-economic system so as to create national unity.

The main contrast between the electoral dissatisfaction of 1959 and that of 1969 was that the latter was expressed much more forcefully. Consequently, the requirement for remedial policies was much more pressing than it had been ten years before. However, other than that, conditions had not changed: any socio-economic advancement of the Malays would have to meet with Chinese acceptance if it were to be implemented without further political ruction.

The government of 1969 had one big advantage over that of 1959 - the knowledge gained from the 1959 experience. The response to the 1959 dissatisfaction had been to step up the implementation of policies the structure of which had been pronounced sound. This accelerated pace of development was enshrined in the Second Malaya Plan, which embodied the political compromise accepted at that time, namely construction of infrastructure in Malay-dominated rural areas.

In the light of the apparent success of the 1959 response to electoral dissatisfaction, viz. acceleration of the rate of development without fundamental restructuring, the government seemed to have an efficient model. Consequently, the 1969 response mirrored that of 1959: to implement a socio-economic compromise capable of satisfying Malay demands whilst leaving Chinese interests alone. However, the construction of rural physical infrastructure clearly did not go far enough: a more vigorous attempt to redirect some wealth at least to the Malays was vital. Land development by the Federal Land Development Authority was known to be able to raise considerably the incomes of poor Malays, and so FELDA became the favoured son of national socio-economic development planning in Peninsular Malaysia.

The government response in 1969 differed from that of 1959 only in the fact that emphasis was shifted away from the construction of rural physical infrastructure per se towards an emphasis upon land development, with its promise of land-ownership and higher incomes for rural Malays. Otherwise, the response to electoral dissatisfaction remained one of attempting to bring about socio-economic development of the Malays in situ, that is by concentrating upon rural economic development of the Malays.

The shift in emphasis from infrastructure construction per se to land development by FELDA is an intra-sectoral shift only. It does not alter the fact that present policy hangs still upon socio-economic advancement of the Malays by speeding up development of rural areas, so as not to harm Chinese economic interests. The switch to land development by FELDA as the major vehicle for achieving Malay socio-economic advancement is necessitated by the more urgent political environment in the post-1969 period.

It was stated in Chapter 1 (see above, p.67) that

"public or stated goals are often different from actual or operative goals. The former can be identified in public policy statements, the latter in allocations of personnel and financial resources"

(Ness, 1967a, p.88).

Chapter 1 noted that in Peninsular Malaysia today the "public or stated goals" are those of the New Development Strategy, with its emphasis upon the correction of inter-ethnic socio-economic imbalance so as to create national unity. Also, Chapter 1 suggested that the "actual or operative goals" (identified in allocations of personnel and of financial resources) must coincide with the "public or stated goals" if these latter are to be achieved. Chapter 1 emphasised that any repetition of pre-1969 national planning policies and programmes - which failed to create national unity - would itself fail ultimately.

The Second Malaysia Plan and the Third Malaysia Plan contain both the "public or stated goals" and the "actual or operative goals" of the New Development Strategy. The former are contained in the written assurances of the Plan documents, the latter in the actual allocations and attainments of the Plans. Comparison between the pre-1969 national development Plans and the Second and Third Malaysia Plans

showed great congruity between them. Table 8.1 shows that all the Plans gave approximately equal emphasis to 'economic' development, with 'social' development gathering the crumbs. All the Plans showed a preference first for Transport, Communications and Public Utilities, with Agriculture and Rural Development taking second place. All the Plans accorded great emphasis to the maintenance of a sound investment climate, the attraction of foreign capital, the concentration upon revenue-generating projects, and the continued welcome extended to private capital. In all basics these Plans are congruous.

It follows from the foregoing that the Second and Third Malaysia Plans do not embody a 'new development strategy' at all, at least as regards short-term "actual or operative goals". These remain synonymous with those of the pre-1969 Plans. This is potentially disastrous, for investigation has shown that continuation of these particular "actual or operative goals" maintains the inter-ethnic socio-economic imbalance that the New Development Strategy sets out to eradicate as the pre-requisite for the creation of national unity in Peninsular Malaysia.

Government response to the 1969 electoral crisis was distinguished only by the intrasectoral shift to land development, primarily by the Federal Land Development Authority, noted above. Otherwise, the government response to Malay demands for socio-economic progress manifested in the New Development Strategy remains the same as that implemented in the Second Malaya Plan: accelerating the pace of development of the Malays whilst keeping them in their rural environment. The only change is that the switch to land development as the means of achieving this in situ socio-economic progress of the Malays acknowledges the more pressing requirement for Malay economic progress in the post-1969 period.

The government's liking for in situ development of the Malays as the preferred course of action - at least in the short-term - is borne out by the realities of land development, both by FELDA and by other agencies. As regards the Authority, the data presented in Chapter 7 show that FELDA's activities may be summarised as moving a relatively small number of rural Malays from one rural, Malay environment to a second, similar environment. The FELDA settler receives benefits in terms of better physical and social infrastructure and greatly enhanced income, but all in all he remains a rural, Malay agriculturalist, albeit wealthier.

Thus, the activities of the Federal Land Development Authority of themselves do little to alter inter-ethnic imbalance in Peninsular Malaysia's socio-economic system. The Authority's mode of operation does not move Malays from a rural environment to an urban, nor from primary agricultural activity to activities within secondary and tertiary industries. The significant advantage that FELDA's land development activity does have over the construction of physical infrastructure pure and simple - the 1959 response to electoral dissatisfaction - is that the FELDA settler has actually had his income enhanced. Thus, the Authority can be pointed to as a manifestation of government preparedness to advance the socio-economic position of the Malays in the more hostile political climate of the post-1969 era.

The Federal Land Development Authority does enhance a minority of rural incomes, but otherwise does not alter inter-ethnic socio-economic imbalance significantly through its activities. Indeed, there is a danger that FELDA's activities may compound the socio-economic complexity prevalent in Peninsular Malaysia. As long ago as 1965, Ho noted that the Authority provided for only a minority of rural peoples,

and that thus the gap between the Malay primary producers and the commercially-oriented immigrant peoples was perpetuated. Ho noted also that this fact would lead to the preservation of Malay cultural values (Ho, 1965). Not long after, the consultants for the Jengka Triangle Project warned of the danger of settler incomes being allowed to become too high, "leading to a wasteful distribution of income and to the creation of a rural elite on FELDA schemes" (Tippetts and Co., et al, 1967, p.154). More recently, the empirical study of MacAndrews stressed that FELDA's success

"has led to the creation of a growingly powerful privileged class of FELDA settlers, one that particularly with the high incomes being received is developing into a powerful and perhaps destabilising force on the Malaysian political scene"

(MacAndrews, 1977, p.366).⁽²⁰³⁾

The ability of FELDA to contribute to attaining the government's New Development Strategy is of itself limited. Within the New Development Strategy, FELDA is aimed only at the New Economic Policy, and then at only the first of the New Economic Policy's two main prongs: the eradication of poverty. The great bias which FELDA has for in situ socio-economic development of Malays alone means that it is unable to contribute to the restructuring of Peninsular Malaysia's socio-economic system. Even within the field of poverty eradication, the Authority's benefits are limited to the "fortunate few chosen to be FELDA settlers, in having a permanent job, good income, a home, and land of their own" (New Straits Times, 1977b, p.7).

The real role of the Federal Land Development Authority today is to act as a short-term compromise between the politically-powerful Malays and the economically-powerful Chinese. The present concentration

upon land development by FELDA and other agencies gives the Malays some of the socio-economic advancement which they crave - in terms of income enhancement - without infringing upon established Chinese fields of interest.

The political rationale underlying FELDA's activities is nothing new.⁽²⁰⁴⁾ The main reason behind the Authority's establishment was to give assistance to Malays desiring new land for development. Stated simply, the Federal Land Development Authority was set up in 1956 "principally to help the bumiputras" (Barr, 1973, p.590).

The political motive underlying FELDA was noted in 1965 by Wikramatileke. Wikramatileke stated that the Authority's first objective was to satisfy the needs of "segments of Malaya's rural folk", and stressed that the Authority's programme needed to be interpreted in that context (Wikramatileke, 1965, p.379).⁽²⁰⁵⁾ The political status of FELDA has been summarised by MacAndrews:

"FELDA is and has always been a political organisation created to meet a clear political demand for land and employment from the predominantly rural Malay that to the Malay dominated Government represents its basis of voting power"

(MacAndrews, 1977, p.350).

The 1969 race-riots forced the government to reconsider its socio-economic development policies, and the severity of Malay voter backlash necessitated that rural Malays be shown unequivocally that something was being done to redirect economic growth to them. Land development of the FELDA model is highly visible, and lends itself easily to propaganda purposes, having the great advantage over the construction of physical infrastructure pure and simple that it does enhance income.

In the immediate aftermath of the 1969 race-riots, new development of land by the Federal Land Development Authority bought valuable political breathing-space. However, Chapter 7 has shown that the FELDA-style of land development does not of itself help to restructure the socio-economic system in any meaningful way. The Authority's settlers may be a "new breed of 'commercial farmers'" (Alladin Hashim, 1978, p.31), but they remain essentially rural agriculturalists in a Malay-dominated environment. The New Development Strategy is a forward-looking strategem intended to run well beyond the termination of the New Economic Policy in 1990. What, then, of the long-term ability of the Authority to contribute to attaining the government's New Development Strategy?

8.4b The Future Role of the Federal Land Development Authority

The emphasis placed upon the Federal Land Development Authority in the years subsequent to the May, 1969 race-riots was a logical result of the political climate of the time. There was a short-term imperative that Malays - particularly rural Malays - be handed firm proof of the government's willingness to bring about the restructuring of the socio-economic system which would give Malays a greater share of economic power. As one author has noted, land settlement is generally a useful vehicle for propaganda purposes and is pre-eminent as a means of achieving political support in Southeast Asia (Bahrin, 1971). The Federal Land Development Authority has fulfilled this short-term role admirably in Peninsular Malaysia.

However, the race-riots of May, 1969 - serious though they were - occurred over a decade ago. Ten years is a relatively long time in the context of socio-economic development planning in a country such as Peninsular Malaysia, for the reason that a new generation of young people is coming through to political maturity. It is these new voters for whom the New Development Strategy must be aimed in future. Consequently, the government must ask itself whether the politically expedient socio-economic compromise of the 1970s - land development, primarily by FELDA - is valid as the main vehicle for implementing the New Economic Policy in the 1980's and beyond?

The usefulness of land development in Peninsular Malaysia is constrained necessarily by the nature of land development. The limitations of land development in the context of Southeast Asian countries have been expressed by Professor Bahrin (Bahrin, 1971).⁽²⁰⁶⁾ MacAndrews noted that FELDA has a limited time span (MacAndrews, 1977), and as long ago as 1969 Professor Ungku Aziz observed that

"even if it can considerably increase the rate of its ability to settle landless rural population, the FLDA is still unlikely to be able to deal with more than one fifth of the problem of Malay landlessness"

(Ungku Aziz, 1969, p.43).

The Federal Land Development Authority itself recognises the limitations upon land development. The Official History of FELDA notes that administrative and financial constraints will curb the Authority in future (Bahrin and Perera, 1977), and makes a heartfelt plea that land development policy be integrated fully with the over-all rural development programme (Bahrin and Perera, 1977).

These comments refer primarily to the pace at which land development by FELDA is implemented, the implication being that land development

cannot be undertaken rapidly enough to have a significant long-term effect. This study has shown that the long-term future is limited not only by an inability to implement land development sufficiently rapidly, but also by the reality that land development per se is not a suitable vehicle for the creation of national unity under the New Development Strategy. Land development does not of itself alter significantly the inter-ethnic socio-economic imbalance between Malay and non-Malay which prevents national unity.

It is apparent from the history of national planning in Peninsular Malaysia that the politically-powerful Malays will not be deflected from their goal by palliatives. Since Merdeka, the Malays have demanded consistently that the socio-economic imbalance inherited from the colonial past be corrected, so that they might gain more economic power. Chapter 7 has shown that the activities of FELDA do not themselves bring about restructuring of the socio-economic system in any meaningful way. Ergo, the limitations of the Federal Land Development Authority within the New Development Strategy stem from the inherent inability of land development to bring about the correction of inter-ethnic socio-economic imbalance which national unity in Peninsular Malaysia demands.

It is this fundamental factor - that FELDA's land development activities cannot of themselves contribute to significant socio-economic restructuring - which limits the Authority's future role. The history of socio-economic development in Peninsular Malaysia is a catalogue of economically sound projects which - although acceptable as political compromises in the short-term - were not socially sound, in that they did not undertake the socio-economic restructuring which necessitated the implementation of the political compromise in the first place.

The government must recognise that land development by the Federal Land Development Authority - politically and economically attractive in the short-term - does not offer a long-term solution to the socio-economic problems of the country. It maintains the basic socio-economic subdivision between rural/Malay and urban/Chinese and the politically powerful Malay electorate will not be duped for ever into believing that the income enhancement of the "fortunate few" FELDA settlers compensates for maintenance of overall socio-economic imbalance. Consequently, the role of the Federal Land Development Authority in the development of future national unity in Peninsular Malaysia must lie firmly in the present. In this respect, FELDA still has a vital role - perhaps the most vital role - to play. However, it is imperative that the government recognise FELDA's limitations now, and that the government does not continue to burden the Authority with responsibilities which - in the final analysis - it cannot meet, and which it was not designed to meet. The Federal Land Development Authority cannot be expected by the government to implement unaided in rural areas the government's New Development Strategy - particularly the New Economic Policy - and attention must be turned to those mechanisms which must support - and ultimately replace - the Authority. Otherwise, at the end of the day the strenuous efforts of FELDA will count for nought.

The government can still avail itself of FELDA's short-term political and economic strengths. The highly visible land development undertaken by the Authority in the Malay-dominated, rural

East Coast States - coupled with the fact that the Authority does actually enhance settler incomes - may be used legitimately to calm Malay resentment while other restructuring aspects of the New Development Strategy are implemented. Similarly, FELDA's proven ability to earn foreign exchange can be used to generate funds for those mechanisms which are needed to support and replace the Authority. However, the palliative nature of land development must be acknowledged: short-term political calmness induced by land development (and other programmes) should not be assumed mistakenly to indicate long-term national unity, and the funds generated by FELDA must be used well and wisely to build firm foundations for the nation.

The large-scale regional development projects of the Jengka Triangle model hold one key to nation-building in Peninsular Malaysia, but only if they are implemented with an eye firmly to the future. These projects have many political and economic strengths in the short-term : political 'visibility' in Malay-dominated rural areas; political acceptance among Chinese entrepreneurs; economically sound use of abundant land and labour resources; and a firm economic foundation in revenue-generating Federal Land Development Authority projects.

However, it must be recognised that the Federal Land Development Authority is only the foundation of these regional projects; FELDA cannot guarantee their long-term viability, nor is this the Authority's role. Wikkramatileke has noted that "vibrant patterns of urban living and industrial growth must be dove-tailed with the

agricultural sector", and has observed that - in the regional context - the developments ancillary to the FELDA development are more important (Wikkramatileke, 1972b, p.500). This cannot be doubted. It is imperative that the new towns and secondary and tertiary industries planned for these new regions be considered not merely ancillary to FELDA, but as the reason for the Authority's present activities. There is little point in FELDA providing a firm foundation if nothing is placed on that foundation. (207)

There is evidence to suggest that the support mechanisms which are imperative to the future of Peninsular Malaysia's regional development projects are not being implemented to schedule. The government must turn its attention to this urgent task, and must strive to construct the socio-economic superstructure for which the Authority's activity is the basis, before the basis itself crumbles. (208) Otherwise, the long-term result will be a new, educated and articulate - but disenchanted - rural Malay electorate which will not be blinded by a few highly visible FELDA schemes into thinking that the fundamental socio-economic imbalance has been eradicated.

The development of the support mechanisms is the government's responsibility, not that of the Federal Land Development Authority. It is imperative that the government make good use of its chosen weapon of politico-economic compromise - land development by FELDA - to bring about socio-economic reform before that weapon's keen edge is blunted by time. (209)

8.5 CONCLUSION

The foregoing has been a critique of national socio-economic development planning, land development, and nation-building in Peninsular Malaysia. The study has focussed on the ability of Peninsular Malaysia's premier development agency - the Federal Land Development Authority - to implement the government's New Development Strategy in the Malay-dominated rural areas, paying particular attention to the two goals of the New Economic Policy: poverty eradication and the restructuring of society. The assessment was deemed imperative due to the great reliance placed upon FELDA by the government as the main vehicle for achieving these objectives of government policy in the post-1969 period.

The main conclusion reached in this study was that the utility of the Federal Land Development Authority in this respect is limited. FELDA has a short-term role to play as a politico-economic compromise between the main communities. The limitations inherent in the land development approach constrain the Authority's ability to cause itself the restructuring of the socio-economic system necessary for the achievement of the government's ends. However, FELDA may be able to buy valuable time for the vigorous implementation of the New Economic Policy's restructuring objectives.

The comparison between the pre-1969 Plans and the post-1969 Plans has revealed the continuation of the basic planning ethos which has permeated national socio-economic development in Peninsular

Malaysia since the colonial era. Planning in the British period (the Draft Development Plan) and immediately after independence (the First Malaya Plan) followed policies cast firmly in the colonial mould, policies which maintained necessarily the status quo of inter-ethnic socio-economic imbalance which itself is at the root of Peninsular Malaysia's predicament.

The fine balance within Peninsular Malaysia's plural society has been the main factor determining planning policy. Malay political power - especially in rural areas - has been nearly matched by Chinese economic power, in such a way that the main aim of planning has always been the selection of a political compromise which would give economic advancement to the Malays without harming Chinese private economic interests. However, policies which have led to economic growth have not resulted in social restructuring, the absence of which caused the necessity for political compromise in the first instance.

The vigorous rural Malay electorate has shown itself unwilling to accept short-term palliatives in place of true long-term correction of imbalance in the socio-economic system. The Alliance responded to the 1959 rural Malay voter dissatisfaction simply by stepping up development of rural physical infrastructure, the long-term unsuitability of which as a satisfier of Malay economic desires was proven by the race-riots of May, 1969. Clearly, the rural Malays will not accept in situ development which ultimately does not cure their feelings of inferiority vis-à-vis non-Malay - primarily Chinese - economic power.

The government responded to the Malay voter disenchantment of May, 1969 by promulgating the New Development Strategy, which has as its core a New Economic Policy aimed at eradicating poverty and at restructuring the socio-economic system so as to eliminate the identification of race with socio-economic function. The comparison between the pre-1969 Plans on the one hand, and the Second and Third Malaysia Plans on the other, suggests that planning has not changed very much in the aftermath of the May, 1969 race-riots. The government's 1969 response mirrored that of 1959 : to step up the pace of rural development. (210)

The only difference has been the switch from the construction of physical infrastructure to an emphasis on land development by the Federal Land Development Authority as the means of accelerating rural development. (211) This particular modification was necessitated by the greater savagery of the 1969 Malay voter reaction, and by the imperative that efforts to improve Malay economic status be made visible to rural voters. FELDA - with its ability to enhance rural income - was the agency most suited to the fulfilment of the short-term need.

However, the real lesson of May, 1969 was that the 1959 short-term response - accelerating the pace of rural development - had been merely a palliative : its long-term ineffectuality had been proven in short order. The danger is that the lesson may not have been learnt, and that too heavy reliance might continue to be placed upon land development by the Federal Land Development Authority in the belief that this intra-sectoral switch transcends

the palliative nature of rural development and renders it a panacea.⁽²¹²⁾

The Official History of the Federal Land Development Authority has stated :

"Acreages developed and acreages planted are the measures that indicate FELDA's achievement and success. With its highly impressive developed acreage, FELDA had convincingly established itself as the most appropriate means for the upliftment of the rural sector through land development"

(Bahrin and Perera, 1977, p.47).

This statement may well be true in terms of establishing the Authority's premier status among land development agencies, but "acreages developed and acreages planted" do not establish land development itself as the "most appropriate means for the upliftment of the rural sector" in Peninsular Malaysia.

There is evidence to suggest that the support mechanisms which are imperative to the future of Peninsular Malaysia's regional development projects are not as vigorous - nor as favoured - as FELDA. Table 8.2 (Comparison Between Federal Land Development Authority and Regional Development Authorities, Second Malaysia Plan (1971 - 1975)) shows that FELDA was allocated much more money (M\$679.27 millions) than the combined allocations to the four main regional development authorities (M\$249.33 millions) under the Second Malaysia Plan. Moreover, FELDA was able to spend nearly all (95.0%) of its large allocation (see Note (a) to Table 8.2), whereas the majority of the regional development authorities recorded a noticeable shortfall, despite the relatively small funds of which they had to dispose. The government must turn its attention to remedying this situation, and must strive to construct the socio-economic superstructure which is the responsibility

TABLE 8.2
Peninsular Malaysia
COMPARISON BETWEEN FEDERAL LAND DEVELOPMENT AUTHORITY AND
REGIONAL DEVELOPMENT AUTHORITIES, SECOND MALAYSIA PLAN (1971 - 1975)

AGENCY OR AUTHORITY	SECOND MALAYSIA PLAN (1971 - 1975)					ACTUAL EXP- ENDITURE AS % OF REVISED ALLOCATION
	REVISED ALLOCATION (a)		ACTUAL EXPENDITURE (b)			
	M\$ Millions	%	M\$ Millions	%	%	
FELDA	679.27	73.1	645.14	76.3		95.0%
Jengka Triangle Regional Authority	133.14	14.3	107.78	12.7		81.0%
Pahang Tenggara Regional Authority (DARA)	68.75	7.4	47.25	5.6		68.7%
Johore Tenggara Regional Authority (KEJORA)	40.33	4.3	40.10	4.7		99.4%
Trengganu Tengah Regional Authority (KETENGAH)	7.11	0.8	5.54	0.7		77.9%
SUB-TOTAL	249.33	26.9	200.67	23.7		80.5%
TOTAL	928.60	100.0	845.81	100.0		91.1%

Table 8.2

Sources and Notes:

- (a) Note that these are the revised allocations, not the original allocations presented in the Second Malaysia Plan (1971-1975). Therefore, the revised allocation to FELDA under the Second Malaysia Plan (1971-1975) is rather greater than the original allocation of M\$582.42 millions, and if the Authority's actual expenditure under the Second Malaysia Plan (1971-1975) is compared with the original allocation, then FELDA's Second Malaysia Plan (1971-1975) expenditure was 110.8% of the original allocation.
- (b) Estimated.

Source: Federation of Malaysia, 1976, Table I6-3,
Malaysia: Public Development Expenditure
for Agricultural Programmes, 1971-1980.

of the regional development authorities, and for which FELDA's activity is the basis, before the basis itself crumbles. (208)

Otherwise, the long-term result will be a new, educated and articulate - but disenchanted - rural Malay electorate which will not be blinded by a few highly visible FELDA schemes into thinking that the fundamental socio-economic imbalance has been eradicated.

It cannot be over-emphasised that for the Malaysian government to continue to rely upon land development by FELDA as by far the major means of achieving government objectives in the Malay-dominated rural areas is a dangerous course indeed. The Authority was created in 1956, long before the promulgation of the New Development Strategy and the New Economic Policy, with limited objectives and terms of reference. In the immediate post-1969 years, as the government cast around for more vigorous ways of implementing rural development, it was understandable that FELDA's very expertise should recommend land development by the Authority as a short-term, palliative measure. Nevertheless, the Authority cannot be expected in the long-term to meet responsibilities for which it was not designed, responsibilities placed upon FELDA from above by the Malaysian government.

FELDA has borne these additional burdens with a good grace, but cannot be expected to carry alone their ever-increasing weight. The government chose FELDA as the main plank of rural development policy after 1969 because of the Authority's strengths, but these same strengths are highly limited in their applicability to the government's present purpose. Moreover, land development by FELDA

is only one plank of rural development policy, and the many alternative approaches - for example, other types of agriculture, but especially the regional development of true urban areas integrated with a wide range of secondary and tertiary industries - must be tried and tested without delay for their ability to relieve the Federal Land Development Authority of the burden which it has already carried for far too long.

Section 6.4 above suggested strongly that FELDA is more vigorous and more favoured than those agencies and authorities - MARA, PERNAS, UDA, and the SEDC's - which are specifically charged with the creation of a Malay commercial and industrial community. Similarly, Table 8.2 indicated that FELDA is more favoured and more vigorous than those regional development authorities which have the specific task of bringing urbanisation and secondary and tertiary industries to the Malay-dominated rural areas. True, Table 8.3 (Comparison Between Federal Land Development Authority and Regional Development Authorities, Third Malaysia Plan (1976 - 1980)) does suggest that under the Third Malaysia Plan the regional development authorities received a boost : whereas under the previous Plan they had recorded shortfalls, under the Third Malaysia Plan they all overspent (by 175.2% overall). However, so did FELDA (by 175.9%), and both the combined original allocation and the combined actual expenditure of the regional development authorities was rather less than half of the equivalent for the Federal Land Development Authority (39.7% and 40.2% respectively).

TABLE 8.3
Peninsular Malaysia
COMPARISON BETWEEN FEDERAL LAND DEVELOPMENT AUTHORITY AND
REGIONAL DEVELOPMENT AUTHORITIES, THIRD MALAYSIA PLAN (1976 - 1980)

AGENCY OR AUTHORITY	THIRD MALAYSIA PLAN (1976 - 1980)				
	ORIGINAL ALLOCATION		ACTUAL EXPENDITURE (a)		ACTUAL EXPEND- ITURE AS % OF ORIGINAL ALLOCATION
	M\$ Millions	%	M\$ Millions	%	
FELDA	985.02	71.6	1,732.71	71.8	175.9%
Jengka Triangle Regional Authority (b)	96.20	7.0	-	-	-
Pahang Tenggara Regional Authority (DARA)	142.15	10.3	371.54	15.4	261.4%
Johore Tenggara Regional Authority (KEJORA)	89.43	6.5	195.67	8.1	218.8
Trengganu Tengah Regional Authority (KETENGGAH)	63.49	4.6	111.84	4.6	176.2%
SUB-TOTAL	391.27	28.4	679.05	28.2	173.6%
TOTAL	1,376.29	100.0	2,411.76	100.0	175.2%

Table 8.3

Sources and Notes:

- (a) Estimated.
- (b) The source Table for the actual expenditure data did not list a figure for the Jengka Triangle Regional Authority as regards Third Malaysia Plan (1976-1980) actual expenditure.

Sources: Original allocations derived from Federation of Malaysia, 1976, Table I6-3, Malaysia: Public Development Expenditure for Agricultural Programmes, 1971-1980; actual expenditures derived from Federation of Malaysia, 1981, Table 6-2, Malaysia: Public Development Expenditure, 1971-1980.

The apparent reliance placed upon the Federal Land Development Authority by the government of Malaysia gives cause for concern. FELDA is a first-class land development authority, but should not be relied upon to bring about large-scale, integrated rural development (a task for which the Authority is not designed), nor to achieve the restructuring objectives of the New Economic Policy. Agencies such as MARA, PERNAS, UDA, the SEDC's, and the regional development authorities, are much better suited than FELDA to these tasks, and must be allowed to take the weight off FELDA as soon as possible if satisfactory long-term results are to be achieved.

This study is an extended caveat directed at those concerned with national socio-economic development planning in Peninsular Malaysia. As David Lim has noted, "the provision of a better rural infrastructure is only a necessary but not a sufficient condition for eliminating rural poverty" (Lim, D., 1975, p.6). Land development by the Federal Land Development Authority - for all its enhancement of income and ability to cause intrasectoral movement of a minority of rural Malays - is merely another form of rural infrastructure construction. The government must beware of being blinded by FELDA's abilities and expertise into thinking that land development offers a long-term solution to the problem of socio-economic imbalance. FELDA was established long before the New Development Strategy, with certain limited objectives, and to imbue the Authority with responsibility for achieving new national objectives far beyond its scope is not only unfair on FELDA,

it is extremely unwise in the Peninsular Malaysian context. Replication of archaic, colonially-derived planning policy - which maintains the imbalance within the socio-economic system - is doomed to ultimate failure.

The statement of the New Development Strategy, with the New Economic Policy as its core, goes a long way towards solving Peninsular Malaysia's socio-economic problems. On paper at least, the "politics of ambiguity" (Enloe, 1970, p.71) no longer operate: long-term goals have been stated.⁽²¹³⁾ However, as the 1969 race-riots fade into memory there may arise the temptation to procrastinate, and put off the restructuring programme so as to maintain short-term intercommunal political concord. This will be the case especially if the land development activities of FELDA and other agencies appear themselves to be solving the problem.

The Federal Land Development Authority can be used to buy short-term political breathing-space, and to generate funds for the implementation of other aspects of the New Development Strategy. However, the mechanisms to support the Authority must be forthcoming, and the socio-economic restructuring demanded by the Malays must occur if national unity is to prevail.⁽²¹⁴⁾ The task will be immensely difficult, for the socio-economic imbalance inherited from the colonial era is deep-seated, but the task must not be shirked. Dilatory planning and procrastination will put off only temporarily the recurrence of the May, 1969 crisis.⁽²¹⁵⁾ The New Development Strategy has made a start. The government must have the courage and the vigour to see that policies are implemented - by those agencies capable of doing so, and designed for the task - if the looked-for national unity is to be forged.

FOOTNOTES TO CHAPTER 8

185. Rudner notes that rural development was the "hard core" of the Second Malaya Plan (Rudner, 1975a, p.54).
186. The 'economic' emphasis underlying rural planning in Peninsular Malaysia at the end of the 1950s and the start of the 1960s was emphasised by Ness: "It is not too great an exaggeration to say that modern Malaya's approach to rural development lies largely through road building" (Ness, 1964, p.405).
187. In the First Malaya Plan, the government had been concerned with evaluating projects "in accounting terms, that is, whether they could be afforded, instead of on the basis of their impact on development" (Rudner, 1975, p.47).
188. This emphasis upon economic objectives was contrary to the opinion of the Mission of the International Bank for Reconstruction and Development, which was "mindful that economic planning involves the need to maintain an appropriate balance between expenditures for production and for social services", and which stated that "beyond a point, we cannot propose to substitute future economic advantage for present human need" (International Bank for Reconstruction and Development, 1955, p.137).
189. Lai Chow Pheng notes that the set-backs to the Alliance at the 1959 General Election made it necessary to adopt a policy which "would provide visible signs of progress in all parts of the country, especially in the rural areas" (Lai Chow Pheng, 1977, Regional Development and Planning in Pahang, Peninsular Malaysia, (M.A. Thesis, University of Malaya, Kuala Lumpur), p.4).
190. "Industrial policy is primarily devoted to the creation of a suitable investment climate for private enterprise industry" (Wheelwright, E. L., 1963, Reflections on Some Problems of Industrial Development in Malaya, pp.66 - 80 in Malayan Economic Review, Volume VIII, Number 1, April 1963. The reference is on p.66).
191. Despite the lack of change in the basic structure of the planning approach, the acceleration of the pace of development led to annual development expenditure by the public sector more than trebling between 1960 and 1965, and to total public development expenditure between 1961 and 1965 being more than double that of the previous five years (Federation of Malaysia, 1971, p.10).
192. It has to be admitted that both 'economic' and 'social' development targets of the Second Malaysia Plan were overachieved, the former by almost half, the latter by just over a third (see Table 8.1).

193. Table 8.1 reveals that the allocation to 'economic' development ranges from 60.1% of the total (First Malaysia Plan) to 69.2% of the total (First Malaya Plan), the average figure for all five Plans being 66.5% of total expenditure. The allocation to 'social' development ranged from 14.2% of the total (Second Malaysia Plan) to 22.8% of the total (Second Malaya Plan), the average figure for all five Plans being 18.6% of total expenditure. Note particularly that there is only the merest difference between the three pre-1969 Plans and the two post-1969 Plans in terms of allocation to 'economic' development: the three pre-1969 Plans average 66.0% of total expenditure allocated to 'economic' development, whereas the equivalent figure for the two post-1969 Plans is 67.2%. There is greater difference between the three pre-1969 Plans and the two post-1969 Plans in terms of proportional allocation to 'social' development: the former average 20.9%, the latter 15.2%. Although data for actual expenditures of the Third Malaysia Plan were not available at the time of writing, the Mid-Term Review of the Third Malaysia Plan, 1976 - 1980 indicated that the Third Malaysia Plan was 'right on course' in terms of the traditional sectoral biases of development planning in Peninsular Malaysia. The Mid-Term Review gave the total estimated expenditure between 1976 and 1978 as M\$11,819.67 million, of which 73.2% was to 'economic' development, 12.6% to 'social' development, and the remainder to General Administration and Security (Federation of Malaysia, 1979b, Table 18-2, Malaysia: Public Development Expenditure, 1976 - 80).
194. "The country has substantial capacity to undertake the proposed levels of borrowing for the TMP ... Factors including the growing diversity of Malaysia's export structure, the prospects of growth of the national economy, the level of its international reserves and its debt service record are equally important considerations in determining the country's credit worthiness" (Federation of Malaysia, 1976, p.246).
195. Chapter VI of the Second Malaysia Plan (Federation of Malaysia, 1971, pp.82 - 94) discusses the role of the private sector, pointing out the important part it has played - and must continue to play - in the development of Peninsular Malaysia.
196. In 1963 Fisk noted that "it is a political necessity that any programme of development should manifestly be to the advantage of the population in the backward sector" (Fisk, 1963a, p.163), and stated that "the result is that all current economic planning is coloured by the necessity for a clear and rapid improvement in the lot of the rural Malays" (Fisk, 1963a, p.165). Fisk's words are as true today as they were almost twenty years ago.
197. Referring to the Second Malaysia Plan, David Lim states: "From the tone and presentation of the Plan and from its new policies and its allocation of public development expenditure, it would appear that the reduction of inequality in the distribution of income and wealth has become the most important objective" (Lim, D., 1975, p.8).

198. By way of contrast, David Lim also observes that the four Plans prior to 1970 had the primary aim of economic growth, and that "the creation of greater employment opportunities and a more equitable distribution of income and wealth was assumed either to be compatible with the objective of greater economic growth or to be totally unimportant" (Lim, D., 1975, p.185).
199. Not only that, but that - in the absence of massive expropriation of Chinese economic assets in favour of the Malays - the Chinese would in actuality continue to control the economy for the foreseeable future.
200. MacAndrews has noted FELDA's "highly visible character", and states that "nearly every kampong has one person or knows of people in FELDA schemes" (MacAndrews, 1977, p.368).
201. Lim Sow Ching has observed that "it has been widely accepted that public-sector investment in land development schemes (particularly the high-cost ones) is uneconomic from the commercial viewpoint, its justification being primarily political. The estimates of the commercial IRR and B/C ratio do not provide support for this belief" (Lim Sow Ching, 1976, p.279). Lim Sow Ching then stated that the expected mean IRRs averaged 8.9%, 7.1% and 6.0% respectively on FELDA, State and Fringe schemes (Lim Sow Ching, 1976, p.279). The present author considers that the political appeal of FELDA probably outweighs the economic appeal slightly, but that FELDA's commercial profitability is a decided bonus for the government as it seeks to find the funds with which to satisfy the political constraints under which it labours.
202. In effect, this summarises the views of the consultants for the Jengka Triangle: "In conclusion, the development of the Triangle appears sound as an object of investment of Federal funds in that it generates ample repayment capacity. It would require a combination of very adverse factors to render it financially unsound. Given expected prices and revenues from timber taxes, Jengka should be able to release funds in addition to repayment commitments, for public investment elsewhere in Malaysia" (Tippetts and Co., et al, 1967, p.53); and, "With the small foreign exchange requirements and the large surpluses earned in later years, Jengka becomes a very profitable development on foreign exchange criteria" (Tippetts and Co., et al, 1967, p.54).
203. "He is in fact a different species of person that calls for a classification of its own, for he is no longer a farmer nor can he be said in income, living conditions, or attitude to belong to, in any narrow sense, an agricultural occupation, but now belongs to a new group of persons or class - the FELDA settler" (MacAndrews, 1977, p.171). The present thesis argues that the FELDA settler does remain a rural agriculturalist, and this author considers that the quotation cited above exaggerates greatly the changes wrought upon the farmer through becoming a FELDA settler. However, leaving this criticism aside, the present author accepts that the FELDA settler exhibits many characteristics which distinguish him from other, less fortunate Malay agriculturalists.

204. "FELDA's own origin and development has been closely intertwined with the special position of the Malay community in Malaysia and the political power of that section of the Malaysian population" (MacAndrews, 1977, p.368).
205. Wikramatileke does not mention the Malays specifically, but that the Malays are being referred to is implied.
206. Professor Bahrin identified shortage of money as the main constraint upon implementation of land development: "land-settlement is a costly undertaking and can be effective only if the governments are prepared to provide the necessary funds. This is the crux of the problem ..." (Bahrin, 1971, p.33).

Further afield, with reference to Ethiopia Simpson has observed that "while settlement can be a useful interim strategy ... it does not provide a long-run solution to the country's development needs" (Simpson, G., 1976, Socio- Political Aspects of Settlement Schemes in Ethiopia and their Contribution to Development, pp.22 - 40 in Land Reform, Land Settlement and Cooperatives, Number 2. The reference is on p.39).
207. It has been stated that rural location of major industry "can prepare the way for and facilitate the permanent migration out of agriculture of labour not required for farm production. This migration is the ultimate solution to rural underemployment" (Food and Agricultural Organization, 1963, Report of the FAO/ECAFE Expert Group on Selected Aspects of Agricultural Planning in Asia and the Far East, Agricultural Planning Studies, Number 2, (UNFAO, Rome), p.54). If such additional developments are not forthcoming in the regional development projects of the Jengka model, then the result of these projects will be ultimate failure. With the resources at its disposal, FELDA cannot itself furnish the permanency which regional development projects are intended to have.
208. "Design of regional programmes and the scope of regional planning must be coordinated with a national concept of development" (Lefebvre, L., and Datta-Chaudhuri, M., 1971, Regional Development Experiences and Prospects in South and Southeast Asia, (Mouton and Co., The Hague), p.6).
209. The following quotation seems apt in respect of socio-economic development in Peninsular Malaysia since independence: "the economic development processes of the fifties and sixties have not led to the intended result - massive improvements in the welfare of the poor - but have, if anything, increased inequity" (Adelman, I., 1974, On the State of Development Economics, pp.3 - 5 in Journal of Development Economics, Volume I, Number 1, (p.3)). If full use is to be made of FELDA's undoubted expertise as a land developer in order to redress these imbalances, then the government of Peninsular Malaysia must use the Authority to good effect during the remainder of the present century.

210. In 1964 Ness stated that the Ministry of Rural Development's programme "required simply that the bureaucracy produce more of what it was already capable of producing" (Ness, 1964, p.411), which could be achieved by increasing allocations and cutting red tape.
211. Chee points out that the Malay leadership has been reluctant to disrupt rural social systems, so as not to create a radical peasantry: "Hence the emphasis on macro-planning in national economic policy with a preference for an infrastructural approach to rural development. While the later development Plans have shifted emphasis from one instrument or method to another, the basic policy of Malaysian rural development has changed little over the past 20 years" (Chee, 1974, p.13).
212. Viewed in this light, the following quotations from the Mid-Term Review of the Third Malaysia Plan, 1976 - 1980 must be considered disturbing, for they indicate that past lessons are still being disregarded: "The public sector development programmes represent direct Government efforts at increasing employment opportunities and incomes of the poor and accelerating the pace of restructuring Malaysian society. Towards this end, the allocation for public development expenditure during the 1976 - 80 period has been revised to M\$32.1 billion, representing an increase of 73% over the original allocation of M\$18.6 billion"; and: "Of the total revised allocation for public development expenditure, about 67% is for the economic sector, 17.4% for social services, 11.8% for defence and internal security, and 3.8% for general administration. Agriculture and rural development, including new land development, continues to receive the highest priority in order to accelerate further the implementation of anti-poverty programmes, especially for the less developed states" (Federation of Malaysia, 1979b, p.241). Again, such has been the lack of real change in national planning in Peninsular Malaysia that words written almost twenty years ago - far from appearing dated - remain peculiarly apposite: "the present policy is a palliative measure rather than a cure for the basic imbalance in the Malayan economic structure" (Fisk, 1963b, p.175).
213. On the debit side, at least one author disagrees that there has been fundamental change in Peninsular Malaysia's politics: "in spite of its new links and new leaders, the Barisan Nasional has merely succeeded in perpetuating the pattern of politics that has existed for the last nineteen years" (Pillay, C., 1974, The 1974 General Elections in Malaysia - A Post-Mortem, Occasional Paper No. 25, (Institute of Southeast Asian Studies, Singapore). The reference is on p.19).
214. "'Neutral' government, i.e. one that is not congruent with the aspirations of the strategic Malay community, could never possess political viability in Malaysia. This is the predicament of Malaysian multi-racial development" (Chee, 1975, p.3).

215. "In conclusion, it should be emphasised that the development of a progressive and dynamic rural community is not achieved through the establishment of more land development schemes along the plantation system, or the establishment of public sector estates or the co-operative estates. Nor could such an objective be realized by patterning development along the line of least resistance or perpetuating the policy of pacification of and compromise with the colonial past" (Syed Hussain Wafa, 1975, p.193).

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APPENDIX IMAJOR POLITICAL EVENTS CONCERNING
PENINSULAR MALAYSIA

- 1786 Penang (then Prince of Wales Island) occupied by British East India Company.
- 1819 Singapore founded by Sir Stamford Raffles.
- 1824 Malacca ceded to British by Dutch under terms of Anglo-Dutch Treaty.
- 1826 Penang (and Province Wellesley), Malacca and Singapore combined to form the Colony of the Straits Settlements.
- 1895 Perak, Selangor, Negri Sembilan and Pahang combined to form Federated Malay States (F. M. S.).
- 1909 -
1910 British control replaced Siam's (Thailand's) suzerainty over Kelantan, Trengganu, Kedah and Perlis.
- 1914 Johore came under British control.
- 1942 -
1945 Japanese Occupation.
- 1946 All States of Peninsular Malaysia (then British Malaya) amalgamated to form Malayan Union. Singapore remained a separate Crown Colony.
- 1948 Malayan Union dissolved, and Federation of Malaya formed from the States of Peninsular Malaysia. Singapore remained a separate Crown Colony.
- 1948 Start of Emergency, an attempted Communist insurrection.

- 1955 First General Election in Peninsular Malaysia.
- 1957 Federation of Malaya achieved full independence within the Commonwealth.
- 1959 Second General Election in Peninsular Malaysia.
- 1959 Singapore achieved full independence within the Commonwealth.
- 1960 End of Emergency.
- 1963 Federation of Malaya (Peninsular Malaysia), Singapore, Sarawak and Sabah merge to form Federation of Malaysia.
- 1963 Start of confrontation with Indonesia. Indonesia objected to the Federation of Malaysia, and there was a period of political, social and economic hostility - though little military activity - between the two countries.
- 1964 Third General Election in Peninsular Malaysia.
- 1965 Singapore withdraws from Federation.
- 1966 End of confrontation with Indonesia.
- 1969 Fourth General Election in Peninsular Malaysia, culminating in Kuala Lumpur race-riots of May, 1969.
- 1971 Statement of New Economic Policy (N. E. P.) and of Rukunegara.
- 1974 Fifth General Election in Peninsular Malaysia.
- 1976 Death of Prime Minister Tun Abdul Razak. Succeeded by Deputy Prime Minister, Hussein Onn.
- 1978 Sixth General Election in Peninsular Malaysia. 21st Anniversary of Independence.

APPENDIX II

FEDERAL LAND DEVELOPMENT AUTHORITY
STATISTICAL SUMMARY, 1977

CROP	Number of Schemes	Area (Acres)	Number of Settlers(a)
Schemes with Settlers:			
RUBBER	86	311,049	20,347
OIL-PALM	120	589,464	20,941
Sub-total	206	900,513	41,288
Schemes without Settlers:			
SUGAR CANE	2	12,671	-
COCOA	1	5,164	-
COFFEE	1	495	-
Sub-total	4	18,330	-
TOTAL	210	918,843	41,288

(a) as at 31 March, 1977.

Source: Bahrin and Perera, 1977, Appendix I, Federal Land Development Schemes, 1977.

APPENDIX III

POINTS SELECTION SYSTEM FOR
FELDA SETTLERS - 1974 TO 1977

ELIGIBILITY FACTOR	HUSBAND	TOTAL POINTS	WIFE	TOTAL POINTS
Health Factor	Excellent health Moderate health Poor health Physically disabled (application will be rejected) (Full points 6)	6 5 2 0 6	Excellent health Moderate health Poor health Physically disabled (Full points 6)	6 5 2 0 6
Education	Secondary school (Form 1 and above) Primary school (Std. 4 to 6) Other schooling standards with ability to read and write (Full points 4)	4 2 1 4	Secondary School (Form 1 and above) Primary school (Std. 4 to 6) Other schooling standards with ability to read and write (Full points 4)	4 2 1 4
Skill	Business skill Barbering skill Tailoring skill Skill in handicraft Carpentry skill Mechanical trades skill Working skill in rubber estates Working skill in oil- palm estates (Full points 6)	2 2 2 2 2 2 2 6	Business skill Tailoring skill Embroidery/knitting skill Weaving skill Skill in handicraft (Full points 3)	1 1 1 1 1 3
Background	Farmers, Fishermen, Ex-servicemen Mining Workers, Lumbermen Labourers, drivers, office workers and others (Full points 8)	8 5 3 8	No points	
Number of Children	3 children and above 2 children 1 child (Full points 3)	3 2 1 3	No points	
	TOTAL FOR HUSBAND	27	TOTAL FOR WIFE	13

Source: Bahrin and Perera, 1977, Appendix III.

Location of FELDA Schemes

Miles 10 0 10 20 30 40 50 Miles

-  RUBBER SCHEMES
-  OIL PALM SCHEMES
-  SUGAR-CANE PROJECT
-  COCOA PROJECT
-  COFFEE PROJECT
-  PROPOSED PROJECTS
-  RESEARCH CENTRE
-  REGIONAL OFFICE
-  BULKING INSTALLATION
-  HEADQUARTERS
-  TRAINING CENTRE
-  TRAINING SCHOOL
-  RUBBER FACTORY
-  PALM OIL MILL
-  SUGAR CANE MILL

